

Prosperity through trade, not politics

Ratan Tata tells Ficci luncheon meeting

STAR BUSINESS REPORT

Trade and investment, not politics, can show the path of prosperity, India's Tata Group Chairman Ratan N Tata said yesterday in Dhaka.

"I believe sometimes economic prosperity is bigger driver than politics," Tata told the members of Foreign Investors Chamber of Commerce and Industry (Ficci).

Tata said he strongly believes Bangladesh and India that have common and similar cultures can probably be put together to harmonise their greatest strength.

On the \$2 billion investment plan, Tata said prospective business opportunity has prompted his conglomerate to come to Bangladesh.

"Last year, Tata took initiatives to

go beyond Indian shores not just in the way of export but in manufacturing purpose. We try to make our presence in selective countries where we could make investments. Most of our investments in India have been in the infrastructure or early industrial development," he said.

"Business opportunities have attracted us to invest in Bangladesh. As though we are apart, we want to play a role in the development of this country and enjoy with you the multiplier effects that investment could make," Tata Group chief said.

"We are therefore carrying with us a proposal that we hope will be of interest to the government here and which we can translate into a major investment," said 68-year old Tata who arrived in Dhaka

yesterday morning from Mumbai by his private jet.

Addressing the luncheon, Ficci President Mahbub Jamil said private investment flows from India to Bangladesh can provide a strong basis for promoting and strengthening trade and friendly relations between the two neighbouring countries.

The investment from India can create a win-win situation for the two countries. He said in spite of government and business level talks in different forums the trade imbalance is persisting. "Market access for Bangladeshi goods to India remains a far cry for a variety of factors -- tariff as well as para-tariff and non-tariff barriers," Jamil said.

This Tata investment can be a pace-setter for the long-cherished

moves for sustainable and equitable trade between the two countries, he said. It can act as a flagship for attracting more investments from India and other countries to Bangladesh.

He said business is profitable here noting that foreign investors in Bangladesh are doing well and seeing double-digit growth in a year to year basis.

He said Tata's example to separate ownership and management and reduce the level of family ownership for improved corporate culture is commendable.

Indian High Commissioner to Bangladesh Veena Sikri, Board of Investment Executive Chairman Mahmudur Rahman, business leaders and Ficci members were also present at the function held at Pan Pacific Sonargaon Hotel.



Officials of Board of Investment and Tata Group of India exchange documents after signing an Expression of Interest on \$2 billion investment plan in Bangladesh at Bangladesh-China Friendship Conference Centre yesterday as Finance and Planning Minister M Saifur Rahman and Tata Group Chairman Ratan N Tata look on.

Proposed steel plant won't threaten local industries

Tata Steel MD Muthuraman tells The Daily Star

M SHAMSUR RAHMAN

Belying fear of local steel producers, Managing Director of Tata Steel B Muthuraman yesterday said local companies have nothing to fear with the investment plan of Indian industrial heavyweight, rather he assured the locals, saying Tata's presence will create a competitive source of raw materials in Bangladesh.

"If the investment plan goes accordingly Tata Steel will become a major source of hot roll (HR) coil, a raw material for local companies which is imported presently," Muthuraman told The Daily Star in an interview at Sonargaon Hotel yesterday.

He said the local industry is in the finishing side and imports primary and HR coils.

Muthuraman is part of the entourage of Tata Group Chairman Ratan N Tata who arrived in Dhaka yesterday morning on a two-day visit to negotiate an investment of US\$2 billion.

Accompanied by chief executive officers of the Group's steel, power and chemical segments and other high officials, 68-year-old Tata touched down in his personal jet at Zia International Airport at 11:00am.

The high-profile visit has created a ripple in the country's flagging investment sector, with the World Bank (WB) committing \$2 million for a study on the investment proposals and to prepare terms and conditions by a technical committee of Petrobangla.

Entrepreneurs of Tk 2000 crore worth cold roll (CR) coil sector of Bangladesh has been expressing fear that the arrival of Tata Steel will hurt their business.

Shrugging their fears,



Muthuraman said the new steel company would rather strengthen the CR coil industry in the downstream. "It will provide them with a stable supply of HR coil on long term

basis at a stable price." "They won't have to depend on sources from various countries," he added.

The MD said Tata Steel doesn't have any plan to produce CR coil

appraise our plan," he added.

Talking to The Daily Star, Muthuraman said if everything goes smoothly, Tata's investment plan will be a reality within a year.

Asked whether Tata Steel will dictate pricing, the MD said although prices keep fluctuating sharply in the world market, it hardly happened in the 97-year history of Tata Steel. "We don't have such record."

Regarding uninterrupted gas supply which will be key to Tata's decision to invest here, the MD said they are now working on a mutual formulae on gas pricing. "We are discussing 20-year gas supply issue with the government."

He said through this visit the Tata Group will initially sign the expression of interest followed by a due diligence. A Memorandum of Understanding (MoU) will be signed later.

"Hopefully within a year we will be able to initiate investment in Bangladesh," Muthuraman said.

Tata Steel was established in 1907 and the year 2003 was extremely good for the company when it surpassed records for the April-to-September period after garnering a turnover of Rs 5,262 crore, which was 26 percent up over the same block previous year.

Muthuraman said the decision to invest in Bangladesh came as part of Tata Steel's strategies to firm up its position on the world map.

here, therefore, local companies should not feel threatened.

"In fact, I will go to Chittagong sometimes in December and talk to steel industry people there and

Backward linkage industries needed to boost textile products

Speakers observe at int'l convention

STAR BUSINESS REPORT

Bangladesh needs to set up a large number of backward linkage industries to boost its competitiveness of textile products, speakers said at a cotton and textile convention in Dhaka yesterday.

They said competitiveness in textile sector depends on quality, variety in products, reduction in lead time and use of latest technologies.

Cotton Bangladesh, a magazine on global cotton, and Globecot, a US cotton research organisation, jointly organised 'Bangladesh Cotton & Textile Convention 2004'.

Inaugurating the convention, Jute and Textile Minister Shajahan Siraj said Bangladesh has no alternative but to establish backward linkage industries to make its apparels competitive as the multi-fibre arrangement (MFA) ends next year.

The minister also said there has been a considerable gap between demand and production of yarn and fabric in Bangladesh. "So, we need to make huge investment in textile sector to better the situation."

Bangladesh Textile Mills Association Chairman MA Awal said Bangladeshi entrepreneurs have to pay higher price for raw cotton against their counterparts in India, Pakistan and China, which give huge subsidy for domestic textiles.

"Besides, Bangladesh is at a disadvantaged position in terms of loan, power, road, port and electricity facilities," Awal said urging the authorities to take immediate measures to remove these drawbacks.

Insisting on producing yarn in the country rather than importing, Awal said local spinners can supply yarn to customers as per their demand.

However, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Anisul Huq said despite much effort by the government, Bangladesh managed to improve its backward linkage industries very little.

Referring to the government's rejection of central-bonded warehouse proposal, he said, "I do not want any debate, but now we all have to come forward for the survival of textile sector."

Besides Bangladesh, delegates from Australia, Switzerland, Singapore, USA and UK attended the convention.

Dhaka Bank opens branch at Gulshan

Dhaka Bank Limited opened a branch at Gulshan in Dhaka yesterday.

Housing and Public Works Minister Mirza Abbasuddin Ahmed inaugurated the branch, says a press release.

Among others, Rokshana Zaman, chairperson of the bank, Abdul Hai Sarkar, founding chairman, ATM Hayatuzzaman Khan, former chairman, directors and Managing Director Shahed Noman were present.

GMG urges government to harmonise fuel price

Jet fuel for domestic operators raised by Tk4.5 per litre

STAR BUSINESS REPORT

The country's lone private airlines yesterday urged the government to harmonise the jet fuel price and bring it on a par with price charged for international operators.

Addressing a press conference Shahab Sattar, managing director of GMG Airlines said the government charges Tk 31.5 or 52.5 cents per litre to domestic operators while the charge for international operators is 41 cents per litre.

He said jet fuel price was Tk 16.62 per litre in April 1998 and Tk 27 per litre until October 9 this year.

"But now the government has decided to raise the price by another Tk4.5 for each litre of aviation fuel which will make us less competitive," Sattar said. "So, we have no other option but to increase the airfare."

He said if the government harmonises the price in line with the price charged to international operators, the government revenue will

go higher by \$1.5 million.

Explaining the disparity between domestic and international operators, Sattar said even after the revised price, international operators continued to get fuels at cheaper rate than in some of the neighbouring countries including India.

He said the price for international operators had been on the decline since April 1998 when it was 48 cents per litre. It was re-fixed at 29 cents in December 2001, which continued until April this year.

Total consumption of jet fuel, both in international and domestic operations, was approximately 244 million litres of which domestic consumption was only 22 million litres or less than 10 percent of the total volume.

"In our previous transactions with the Padma Oil Company, we were told that local tariff structure was responsible for the price disparity," Sattar added.

If the government increases

price for international operators by 1.5 cents to 42.5 cents, the rate would still be lower than the price in India and the internal tax accounting should be modified accordingly, he said adding it would help the domestic operator survive at the same time.

"We understand that Bangladesh Biman enjoys a subsidy of 20 percent in fuel prices. So, we are the lone sufferer for such price hike," he said adding air passengers should know that we had to increase the airfare rate for our survival. Otherwise, private operators will face huge losses and subsequently become sick."

After increasing fuel price for domestic operators, Bangladesh Biman made a public announcement declaring its intention to raise airfare by Tk 100, which is yet to be implemented.

US crude set a record \$54.45 a barrel on October 12, marking a sixth successive day of all-time peaks.

Enterprises lack sustainable development plans: Saifur

STAR BUSINESS REPORT

Both public and private sectors are now making their action plans ignoring the concept of sustainable development in the country, Finance Minister M Saifur Rahman has said.

Private companies in Bangladesh are not interested to follow sustainable development concept in their development projects, as they want hefty profit in a short time, he added while speaking at a certificate awarding function of a training course on financing sustainable development on Tuesday in Dhaka.

Dutch-Bangla Bank Limited (DBBL) and Netherlands Development Finance Company

(FMO) jointly organised the four-day training programme.

The finance minister said the private sector as well as public sector should ensure sustainable development in their action plans for the country's future supportive programme.

He suggested these sectors should design their development programmes taking into account the environmental and social factors for maintaining sustainable development.

Speaking at the function, Dutch Ambassador to Bangladesh Kees Beemsterboer said correlation between the private and public sector activities can ascertain sustainable development.

DBBL Managing Director Md

Yeasin Ali, Regional Manager, Asia Department of FMO Wim Wienk and Finance Secretary Zakir Ahmed Khan were present at the function.

Later, the finance minister distributed certificates among the participants of the training programme.

A number of 19 participants from different banks and financial institutions of Bangladesh, India, Vietnam, Cambodia and Sri Lanka took part in the training programme.

The training course discussed different aspects of financing activities of the financial intermediaries for sustainable development ranging from management of environmental and social risks for financial institutions to prepare of an action plan.

New trading timing at DSE in Ramadan

BSS, Dhaka

The trading schedule and office timing of Dhaka Stock Exchange (DSE) have been re-fixed for the month of Ramadan.

According to a decision of the board of directors of DSE, the trading session will begin at 10:30am and continue until 12:50pm, DSE sources said.

The post-closing session of the trading has been fixed at 12:50pm to 1pm.

DSE office will remain open from 9am to 3pm and the clearing house will remain open till 2:30pm.

Rangs Power Battery launched at local market

White Products and Electronics Limited, a sister concern of Rangs Group of Companies, has launched Rangs Power Battery in local market.

Akter Hussain, chairman and managing director of Rangs Group of Companies, was present at the function held to mark the launching of the battery for motor vehicles on Monday in Dhaka, says a press release.

CAs for enforcement of accounting standards

STAR BUSINESS REPORT

Chartered accountants at a seminar on Tuesday urged the government to make it mandatory for the public and private companies to follow the Bangladesh Accounting Standards (BAS) for preparing financial statements.

Akhtar Sohail Kasem, president of Institute of Chartered Accountants of Bangladesh (ICAB), said by following the accounting standards the public as well as private companies can reveal the level of corporate governance, transparency and accountability in their financial statements.

"So it should be made obligatory for all listed companies, banks and financial institutions, public and private companies to follow the accounting standards," he said.

But he said this is a monumental task and cannot be accomplished alone by the institute.

"There is a need of active support and financial backing of the government, the Securities and

Exchange Commission (SEC), Bangladesh Bank and other regulatory agencies in making these standards mandatory," he said.

ICAB Continuing Professional Education (CPE) organised the seminar on BAS at the ICAB auditorium on Tuesday evening.

Echoing the ICAB president, Muhammad Abdul Halim Gaznavi, former president of ICAB, said the accounting standards, which are being applied and implemented in making financial report of an enterprise, are essential for qualitative auditing.

"It should be compulsory for all enterprises to follow the accounting and auditing standards," he said.

Speaking at the function, SEC Chairman Mirza Azizul Islam said the SEC has already made it mandatory for all listed companies with the bourses to follow the accounting standards for preparing their six-month financial statements.

About the BAS Obed Pandit, member of ICAB CPE, said BAS

are the adopted version of International Accounting Standards (IAS), which were issued by the International Accounting Standards Committee.

In 1984 Bangladesh adopted IAS as BAS for the first time, he said. Presently 30 BAS are effective in the country, he added.

After presenting the BAS briefly to the participants of the seminar, Shaheduzzaman Choudhury, member of ICAB CPE, recommended that ICAB should constantly develop awareness among its members to ensure preparing an appropriate financial statement of an enterprise.

ICAB should also amend its by-laws to ensure the compliance with the accounting standards, he said.

"The ICAB should also prompt the government to make it mandatory to follow the BAS," he added.

Masud Khan, finance director of Lafarge Surma Cement Ltd, and AC Nath, former president of ICAB, also spoke at the seminar.



Institute of Chartered Accountants of Bangladesh (ICAB) President Akhtar Sohail Kasem (right), Securities and Exchange Commission Chairman Mirza Azizul Islam (centre) and former president of ICAB Muhammad Abdul Halim Gaznavi (left) pose for photographs at a seminar on Bangladesh Accounting Standards (BAS) organised by ICAB Continuing Professional Education (CPE) on Tuesday in Dhaka.