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Star BUSINESS

DHAKA MONDAY APRIL 4, 2005 E-mail: business@thedailystar.net

Whirlpool
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TRANSCOM ELECTRONICS

Remittance clocks 13pc growth in three quarters

March sees all-time high of \$401m in a single month

STAR BUSINESS REPORT

Remittance saw a huge boost in March amounting to US\$401 million, the all-time high in a single month.

With the strong flow last month, the total amount rose to \$2827 million in the first three quarters of the current financial year, recording a 13 percent growth over the corresponding period of last fiscal year, according to Bangladesh Bank statistics.

Local currency's devaluation against all majors including the greenback encouraged the non-resident Bangladeshis (NRBs) to

send more money home through official channels, bankers observed.

Increased remittance flow helped foreign exchange reserves go past \$3,033.88 million on Saturday, which went below three billion mark after making an import bill payment to the Asian Clearing Union last month.

In the recent months, exchange rates of major currencies like US dollar, pound sterling and Saudi riyal in the unofficial channels have been almost the same or less in many cases, which is another reason for sending money through official channel, they explained.

"There had been a substantial gap of foreign currency exchange rates between official and unofficial channels earlier but the situation is different now," said a banker working at a private commercial bank in Motijheel. People earlier gained two to three taka more by sending money through unofficial channels.

The NRBs sent \$833.72 million in the first quarter, \$945.11 million in the second and \$1048.59 million in the third quarter.

The target for remittance income for the FY2004-05 was set at \$3620 million while the income had been \$3371.97 million in the 2003-04

fiscal.

The nationalised commercial banks (NCBs) are opening exchange houses in important foreign cities to encourage NRBs to send money through banks.

According to Export Promotion Bureau statistics, exports during July-February period of the current financial year clocked 13 percent growth, amounting to US\$5,415 million than last fiscal's same period.

The double-digit boost in remittance and export earnings is helping to maintain a satisfactory foreign exchange reserve, said a senior official of Bangladesh Bank.

Bangladesh, China air link opens May 12

UNB, Dhaka

Direct air-link between China and Bangladesh will be established on May 12, opening up another eastern vista for the country's friendship and economic co-operation, officials said.

In an immediate gain for the country, China also is going to declare Bangladesh as China's approved "Tourist Destination Country" which will bring Chinese tourists in Bangladesh every year.

The decisions were disclosed in a meeting between State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin and a three-member delegation led by the Chinese Ambassador in Bangladesh Chai Xi at the secretary's office.

A plane of the China Eastern Airlines will fly in Dhaka via Beijing-Kunming on May 12 in inaugural flight and leave the capital on the same route at night.

Seven flights will be operated primarily on the route every week.

BB fund for SMEs getting good response

SME fair kicks off today

STAR BUSINESS REPORT

Bangladesh Bank (BB) is receiving encouraging response both from financial institutions and donors to its small business refinancing fund introduced to offer small entrepreneurs easy access to loans.

The central bank's revelation delighted the SME (small and medium enterprise) sector as the country's micro entrepreneurs gather in Dhaka from today to take part in the 'SME Fair 2005'. Prime Minister Khaleda Zia will inaugurate the 12-day exhibition at Bangladesh-China Friendship Conference Centre.

BB disbursed Tk101 crore among commercial banks and financial institutions from its small business refinancing fund during June 2004 to February 2005. Apart from the central bank's Tk100 crore contribution, the World Bank extended \$10 million to the fund.

"The refinancing fund has generated immense interest among financial institutions and donors. The Asian Development Bank will extend \$30 million to the fund soon," BB Governor Fakhruddin Ahmed told reporters at his office in Dhaka yesterday.

BB first offered the refinancing fund to financial institutions at bank rate, later SME entrepreneurs availed the fund from the financial institutions. The entrepreneurs can draw a minimum of Tk2 lakh to maximum Tk50 lakh, he said.

As per BB guidelines, the financial institutions must ensure 90 percent recovery of the disbursed fund to avail the refinancing fund. Inspiring responses in the last eight months gave strong signal to commercial banks to initiate their own

SME financing schemes, the governor said.

"BB introduced the refinancing fund to work as eye-opener for commercial banks and other financial institutions to increase financing to SMEs which contribute significantly to the national economy by creating jobs, diversifying export basket and reducing poverty," he said.

"If commercial banks do not launch SME credit schemes, the BB refinancing initiatives may not sustain for long," the governor warned.

The SME financing would diversify loan portfolio of commercial banks and also reduce risk, he said.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is organising the second edition of the SME fair to promote SMEs and attract foreign and local buyers and investors in this sector.

The FBCCI in cooperation with the Standard Chartered Bank will award the seven best small and medium scale enterprises this year for their contribution to the development of the SME sector.

The categories that will be chosen for the award are innovative entrepreneur (product), best enterprise in terms of management, standard and production system, best woman entrepreneur, best medium joint and corporate industry, best medium corporate management, outstanding corporate woman entrepreneur and best SME facilitator.

There will be around 170 stalls and 16 pavilions displaying different products at the fair. The general public can visit the fair from 10am to 9pm until April 15 at an entry fee of Tk10.

Bangla-Danish firm launches e-marketplace for RMG today

STAR BUSINESS REPORT

A Bangla-Danish e-commerce company launches an internet-based e-marketplace today to facilitate the country's readymade garment (RMG) and textile sectors bringing local entrepreneurs close to European buyers and machinery suppliers.

Alliance TG-SUPPLY Limited (ATGSL), a joint venture between Alliance Holdings Limited of Bangladesh and Intraxite of Denmark, through its website will ensure better dealing procedure between the buyer and seller.

According to ATGSL's Regional Director, Lars Burkal, this website will help "factories in Bangladesh who are hungry to prove that they can compete in the post-MFA era," by giving them the opportunity to showcase their areas of specialisation.

By clicking www.tg-supply.com, any buyer and seller of readymade garment, stockholder, buying house, machinery and accessories will be able to collect their required information, submit order and do business via internet without having any physical movement from one place to another, said Adnan Anwar, president and CEO of Alliance Holdings Limited.

Danish Ambassador to Bangladesh Niels S Munk will inaugurate the website at a function at Dhaka Hotel Sheraton today.

The ATGSL will charge Tk 80,000 yearly to its user. Buyers or sellers profile -- feasibility, efficiency, productivity, quality, and code of compliance -- will be available on the database of the e-commerce.

The participation of seller and buyer on the e-commerce would be maintained at a proportion of 1:4.

Workshop on private sector development for govt officials

A two-day workshop on private sector development and policy reform issues for a group of government officials was launched in Dhaka on Saturday.

Thirty officials from a number of government departments and agencies took part in the programme styled 'Private Sector Development Learning Event', says a press release.

The SouthAsia Enterprise Development Facility (SEDF), a multi-donor-funded facility of the International Finance Corporation (IFC), along with the Foreign Investment Advisory Service (FIAS), a joint initiative of the IFC and the World Bank, organised the programme aiming at informing the government officials about a wide range of private sector development and policy reform issues.

Addressing the opening session as the chief guest, Kamal Uddin Siddiqui, principal secretary to the prime minister, said the role of the private sector is fundamental in achieving the PRSP (poverty reduction strategy paper) goals.

Board of Investment Executive Chairman Mahmudur Rahman, Bangladesh Enterprise Institute President Farooq Sobhan and SEDF Acting General Manager Deepak Adhikary also spoke at the inaugural function.

Office bearers of Atab

STAR BUSINESS REPORT

MA Muhaimin Saleh and Ghulam Mustafa have been re-elected president and secretary general of national executive committee of Association of Travel Agents of Bangladesh (Atab) for the year 2005-2007.

Kazi Kamal Ahmed, chairman of Atab election board, yesterday announced the 19-member Atab national executive committee at a press conference in Dhaka. Three Atab zonal committees of Dhaka, Chittagong and Sylhet have also been announced.

In the national executive committee, Mohammad Shamsuzzaman, M S Alam and Ataur Rahman were elected vice-presidents of Dhaka, Chittagong and Sylhet zone respectively. They will also act as chairman in their respective zones.

Pizza Hut '99 offer' continues

Pizza Hut's special offer of a personal pan pizza at Tk99 continues to celebrate the Bangla New Year.

In the '99 offer', a personal pan pizza from the favorite's line may be ordered for only Tk 99. The price is exclusive of VAT.

Favorite's line includes four popular varieties of pizzas that are BBQ Chicken, Beef Lover, Simply Veg and Cheese Lovers. The offer is valid everyday until April 30, 2005 and only between 3 pm to 6 pm. The offer is for both dine-in and take away.



Sayeful Islam (5-L), president of Dhaka Chamber of Commerce & Industry (DCCI), speaks at a press conference on DCCI Budget Proposals 2005-06 yesterday in Dhaka. Other senior DCCI officials are also seen in the picture.

DCCI BUDGET PROPOSAL

Separate body needed to spur SME growth

STAR BUSINESS REPORT

Dhaka Chamber yesterday called for establishing a separate division under the Ministry of Industries with a view to boosting the development of small and medium enterprises (SMEs).

Since the country's economic progress is based on the development of the SMEs, such a division, headed at least by a state minister, will prepare SME policies and take necessary measures for implementation, suggested Dhaka Chamber of Commerce and Industry (DCCI) in its budget proposal for the year 2005-06.

The state-run Bangladesh Small and Cottage Industries Corporation (BSCIC) has become inactive for which the private sector including the SMEs are not getting sufficient assistance, the proposal added.

The government should also subsidise the SMEs as there is a shortage of management and technical skills, it said.

The DCCI presented the proposal at a press conference in Dhaka. It hoped the government will seriously consider its proposal.

The DCCI came up with 113 recommendations of which 47 suggestions are related to tax and supplementary tax, 23 to income tax, 24 to value added tax and 19 to others. The budget proposal has already been sent to the Federation of Bangladesh Chambers of Commerce and

Industry (FBCCI). The chamber recommended for re-introduction of an earlier self-assessment system in terms of income tax payment.

DCCI also stressed the necessity of introducing an online tax system for payment of tax and submission of income tax return in order to stop harassment of tax payers.

Tax free limit of individual tax payers should be increased from Tk100,000 to Tk150,000 and of old citizens (above 60 years) the ceiling should be Tk300,000, the chamber observed.

In order to encourage women in developing entrepreneurship, income tax payment relief for women entrepreneurs should be raised up to Tk200,000, the proposal said.

The budget proposal recommended 5 percent tax on the essential raw materials, 10 percent on spares and machinery of industries, and 25 percent tax on other goods.

Pre-shipment inspection organisations should be made accountable for their work as they receive service charge at the rate of 1 percent for work, it said.

In the proposals relating to Vat, the chamber observed that Vat collection is not justified under the clause of 2 (ma) (e) and 5 (2) of Vat law because a commission for commission agent is included in the price of the products at which price a dealer purchases products from the producer. "So, this act

should be amended," the DCCI said.

The DCCI also suggested separate categories of Vat imposition for the small and marginal level businessmen of Dhaka, Chittagong, Rajshahi, Khulna, Barisal, Sylhet and other districts.

According to the proposal, Vat in Dhaka and Chittagong city corporation area should be fixed at Tk4200. For Rajshahi, Khulna Barisal and Sylhet city corporation areas and other district towns, it should be fixed at Tk3200 and for areas outside the district towns at Tk2000.

Speaking at the function, the DCCI Chief Sayeful Islam said the country's exports of woven clothes to the US market dropped by 21 percent while the Chinese exports increased by 65 percent in the first month after the withdrawal of quota system.

"It is a matter of concern for us. So the government and the private sector have to be more active to cope with the new situation," he said adding that it is important in this situation to protect the existing industries, strengthen their base and diversify the manufacturing sector.

"A public-private partnership can help us face the challenges in the quota-free era," he felt. He also observed that there is a need of coordination among industrial, trade and financial policies for a better industrial growth.

Trade thru' Hili land port resumes

UNB, Dinajpur

Export-import activities through Hili land port resumed Saturday after three days with the Indian Exporters and C&F Agents Association calling off the strike.

The land port remained virtually paralysed from Wednesday after the association resorted to strike to protest the Indian Customs decision to impose extra VAT on export items to Bangladesh.

Following fruitful negotiations with Indian authorities, the association General Secretary Ashok Kumar Mondal in a letter to Bangla Hilly Customs C&F Agent president and general secretary conveyed the decision to call off the strike and to resume normal activities.

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