

BB governor promises not to serve vested interest

UNB, Dhaka

New Bangladesh Bank Governor Salehuddin Ahmed yesterday promised not to take any decision to protect the interest of smaller groups at the cost of greater section of the population and the country's interests.

"I'll not hesitate to take any decision for the benefit of 10 people even if it harms two," he told bankers at a reception accorded to him in Dhaka.

Association of Bankers Bangladesh (ABB), an organisation of the managing directors of commercial banks, accorded the reception, where they also bid farewell to

immediate past governor Dr Fakhruddin Ahmed.

The meeting urged the new governor to utilise the central bank as a facilitator for the commercial banks besides its role as the regulator for the banks and financial institutions.

Appreciating his predecessor's role in strengthening the banking industry through reforms, Dr Saleh said he would carry on his remaining tasks.

He said he would try to help develop the economy, particularly through ensuring access to banking services, for the backward section of the population.

He called upon the bankers to be

sincere about any lending programme so that the borrowers can quickly utilise their borrowed money to ensure optimum use of the expensive funds.

"It does not mean that the bankers will have to lend money everywhere," he said.

Speaking on the occasion, Dr Fakhruddin expected that the new governor would use his skill to complete his unfinished jobs and stressed the need for addressing two main issues -- corporate governance and core risk management -- as major challenges for the banks and financial institutions.

ABB Chairman Aminuzzaman recalled the contributions of Dr

Fakhruddin towards restoring discipline in the banking and financial institutions.

He said the immediate past governor had taken some measures that affected the banking sector but those were beneficial in the greater interest of the financial sector.

Aminuzzaman told the meeting that the central bank has so far removed 10-12 managing directors of the commercial banks for their involvement in various irregularities.

He urged the new governor to take similar actions against those who were also responsible for committing such misdeeds.

PRE-BUDGET INTERVIEW

Modern tax admin key to raising revenue

DCCI president talks to *The Daily Star*

MONJUUR MAHMUD

Accelerating the modernisation process of tax administration is vital for widening tax net and increasing revenue, felt Sayeeful Islam, president of Dhaka Chamber of Commerce and Industry.

"Business people want to pay taxes but don't want to be harassed. Not that we only ask for duty cut, we also want increase in revenue by expanding tax net," he told *The Daily Star* in a pre-budget interview.

Still a fear exists among general public about customs officials, the DCCI president said. "Modern administration and internet-based tax procedures can remove the fear."

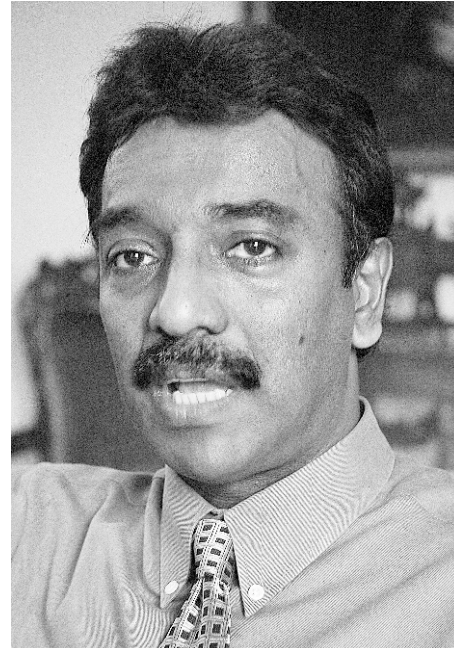
In order to lessen tax evasion, the National Board of Revenue can make it compulsory for firms to become members of the trade bodies, which will help trace tax dodgers, Islam observed.

"If we really want to achieve export-led growth, we have to widen our basket," he said. Small and medium enterprises are the backbone of the economy, generating 80 percent of employment. SMEs can increase export and a consistent government policy is needed to do it, he said.

"Export diversification programme has so far been a failure. There had been high hopes about information and communication technology and agro-processing industries but they failed to produce positive results."

"If you look at our manufacturing base, there has been a lack of innovation in products development," the DCCI chief explained, adding there should have been some allocations in the budget for product development activities.

Standardisation, packaging and obtaining ISO should be subsidised to address compliance



Sayeeful Islam

issues so that these can help give positive impression about local products, he felt. "This is the only way we can reduce dependency on one product."

"SME is the vehicle to achieve the economic prosperity. A specialised bank for the SME should be established, which will have special focus on providing loans ranging from one lakh to 10 lakh for the SMEs," the DCCI president noted.

There are specialised institutions for micro credit but there is not such institution for SMEs, he went on suggesting the government to appoint a state minister for the SMEs under the Ministry of Industries.

"Withdrawing tax holiday will be a bad signal for industries. Tax holiday must continue. We have to protect our local industries," he said. "Bangladesh garment sector developed because it got quotas -- not for the cheap labour cost."

Raising the interest rates in line with the IMF's prescription is not desirable. Bangladesh is the victim for opening its door to others and now it needs market access, Islam said.

Local assembling should be encouraged and the government should have a policy in this regard. There should have been at least 20 percent duty difference between completely knocked down (CKD) and completely built up (CBU) products to encourage assembling locally, he noted.

It is very difficult for the business to grow without improving vocational and management skills, the DCCI chief said, adding it is very common that people are looking for jobs but there is a serious lack of trained and skilled employees.

Bangladeshi workers are engaged in low-paid works mainly in the Middle Eastern countries, Islam said. "There is no alternative to vocation training. If we want to engage our manpower in upper segments we should provide workers with training."

"The prime minister can meet business leaders once in every two months. This can help change the trade and investment environment as poor countries take time to implement different programmes," the DCCI president observed. Heads of the government in Thailand, Singapore, Malaysia have these types of programmes, he added.

Hafiz Ibrahim loses Rupali Bank directorship

STAR BUSINESS REPORT

The central bank has declared the directorship of Hafiz Ibrahim on the board of Rupali Bank Limited vacant.

In a letter, dated April 28, to the chairman of the Board of Directors of the bank, the central bank explained that the re-election of Ibrahim as the bank's director for the third time is not legal as per the Bank Company Act, 1991.

The board can appoint a person eligible for the directorship in the vacant post temporarily until the next annual general meeting is held, the Bangladesh Bank also mentioned in the letter.

Share prices bounce back

STAR BUSINESS REPORT

Share prices on both bourses yesterday bounced back with the benchmark indices gaining over 65 points on average.

The Dhaka Stock Exchange (DSE) All Share Price Index recovered 66.91 points or 6.08 percent to close at 1165.99. The Chittagong Stock Exchange (CSE) All Share Price Index gained 64.66 points or 2.25 percent to close at 2930.06.

Market insiders said share prices experienced the buoyant mood due to buying pressure.

"Investors intended to buy scrips at comparatively lower rates following

Monday's slump," said Hafizul Quader, a small investor.

He said the uptum of the share prices is the result of market correction, which may not continue for the coming days.

The DSE General Index (DEGN) gained 85.10 points or 5.92 percent to close at 1520.76 while the CSE-30 index gained 4.44 percent to close at 2704.09.

A total of 153 issues were traded yesterday on the DSE. Of them, 125 gained, 15 declined and 13 remained unchanged.

Some 4.14 million shares and debentures worth Tk 273 million changed hands on the day against 5.61

million shares valued at Tk 346 million on the previous trading day. Market capitalisation stood at Tk 189.81 billion yesterday against Tk 179.67 billion on Monday.

The day's top 10 gainers were Exim Bank, National Polymer, Dhaka Bank, Pubali Bank, Chic Tex, City Bank, Lafarge Surma Cement, Uttara Bank, National Life Insurance and National Tubes.

Top 10 losers were Rasmit, Samata, Roseheaven, East Land, Ibn Sina, United Insurance, Janata Insurance, Bank Asia, Beximco Knit and Beximco Infusion.



PHOTO: FBCCI

Col (rtd) MM Jahangir, secretary general of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), and Masihul Huq Chowdhury, head of SME banking of Standard Chartered Bank, sign an agreement on behalf of their organisations in the FBCCI conference room yesterday. Under the deal, Standard Chartered Bank will offer loans to small and medium enterprises (SMEs) at 14 to 16 percent interest rates.

India's cotton output leaps

REUTERS, New Delhi

Indian cotton farmers could not have asked for more: excellent weather, hybrid seeds and fewer pest attacks.

The result, a record crop in 2004 that boosted incomes. Now with an ideal year behind them, farmers are gearing up to repeat the success story.

"Cotton is the best bet," said S. Jaipal Reddy, a farmer who owns 50 acres, or 20.23 hectares, of land in the southern Andhra Pradesh state. "I am going to double the area under cotton this year."

Mega exhibition starts from May 8

STAR BUSINESS REPORT

Three separate exhibitions of electronic products, construction materials and household items will begin simultaneously at Pan Pacific Sornagaon Hotel in Dhaka on May 8.

Some 50 companies will showcase their products and services at 91 stalls in the three-day exposition -- Mega Exhibition 2005 -- comprising Elexpo, Conexpo and Midmix, said Meherun N Islam, managing director of Conference & Exhibition Management Services (Cems), which is organising the three events.

The fairs will remain open to all from 10:00am to 8:30pm everyday with an entry fee of Tk10 each.

Advisor to Commerce Ministry Barkat Ullah Bulu is expected to inaugurate the exhibitions.

ATN Bangla is the media partner of the exhibition while Gulf Air is the associate partner of the mega event.

Oil prices slip

AFP, Singapore

Oil prices slipped in Asian trade Tuesday as speculative buying eased and the market turned its focus to an anticipated build in US crude oil inventories, dealers said.

At 3:45 pm (0745 GMT), New York's main contract, light sweet crude for delivery in June, was down 34 cents to 50.58 dollars a barrel after closing at 50.92 dollars in New York on Monday.

Buying from hedge funds and commercial investors late Monday had pushed prices up \$1.20 after they fell sharply to slip under the psychological \$50 mark late last week.

High-profile body set up to boost India's trade diplomacy

PALLAB BHATTACHARYA, New Delhi

Seeking to give a boost to India's economic diplomacy, Prime Minister Manmohan Singh has set up a high-powered committee headed by him to take decisions on economic aspects of the country's foreign policy towards immediate neighbours and have a close look at free trade and economic cooperation accords.

The trade and economic relations committee, considered the first of its kind, will act as a "strategic think-tank" and ensure coordinated approaches across ministries to help do away with ministries working on parallel track and sometimes at cross purposes, the prime minister's media advisor Sanjaya Baru said on Monday.

The focus of the committee will be on "our major economic partners as well as our immediate neighbours," he said.

The new committee will have eight permanent members including Finance Minister P Chidambaram, External Affairs Minister Natwar Singh and Commerce and Industry Minister Kamal Nath, key economic advisors of the Prime Minister and

National Security Advisor M K Narayanan.

Baru said growing globalisation and enhanced economic integration with major powers as well as other Asian countries, including those in South Asia, South East Asia, East Asia Central and West Asia, the prime minister felt it was necessary to take a coordinated and holistic view of India's economic relations. The decision to set up the committee assumes significance in view of India's looking to expand economic relations with the United States, China, Japan, European Union, Asean and Bimstec.

The prime minister will undertake two important visits in July this year -- a visit to the US and participation in a summit of Group of Eight leaders in Scotland.

The new committee can invite any minister concerned with a specific agenda and the Prime Minister's Principal Secretary, who is its convenor, can call secretaries of ministries for discussions, Baru said.

He said the committee could examine free trade agreements, comprehensive economic cooperation agreements and other forms of bilateral, regional and multilateral economic and trade ties.

ADB chief seeks cooperation with NGOs

AFP, Istanbul

Newly-elected Asian Development Bank (ADB) President Haruhiko Kuroda was grilled Tuesday by representatives of non-government organizations (NGOs) on the allegedly harmful effects of the bank's projects.

In a renewed effort by the ADB to engage some of its harshest critics, the exchange between Kuroda and the representatives of such groups as Greenpeace and Oxfam was polite and restrained.

It also underscored the difficulty the multilateral bank faces in engaging such groups, which often accuse the ADB development projects of abetting environmental damage and human rights abuse.

NGO representatives said the ADB was still promoting the use of fossil fuels and continuing to provide aid to Nepal, despite the recent military takeover there.

The meeting, on the eve of the ADB's annual conference in Istanbul, was part of the ADB's NGO centre, which has increased coordination and cooperation with civil society in preparing ADB projects.

Kuroda told participants at the forum that the ADB would soon have a new "medium-term action plan" to work with NGOs, who were widely consulted on the plan.

FBCCI, StanChart team up to promote SMEs

STAR BUSINESS REPORT

The country's apex trade body and a leading foreign commercial bank yesterday agreed to promote Bangladesh's small and medium enterprise (SME) sector.

Under the deal, Standard Chartered Bank will offer loans to SMEs at 14 percent-16 percent interest rates.

Masihul Haq Chowdhury, head of secured and SME banking of Standard Chartered Bangladesh, and MM Jahangir, secretary general of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), signed the memorandum of understanding (MoU) in Dhaka.

The bank will also offer facilities

including banking from office or home and complete financial products such as LC, guarantee, import loans, foreign exchanges, business loans and account services to SMEs referred by FBCCI.

The SMEs will also receive quick loan processing facility from the bank's one stop service center.

FBCCI President Abdul Awal Mintoo, who was present at the signing ceremony, said the SME sector alone contribute 25 percent of GDP.

He said the FBCCI- Standard Chartered initiative will help fund-strapped SMEs grow.

M Sajidur Rahman, head of corporate banking of Standard Chartered Bangladesh, was also present at the function.