

Cross-border power trade can create huge jobs

Roundtable told

STAR BUSINESS REPORT

A small 150mw cross-country power trade in South Asia can generate 1.5 lakh domestic employment, an economist told a roundtable in Dhaka yesterday.

Presenting a paper at the roundtable, Professor Abul Barakat said electricity trade in the region will also attract more foreign direct investment (FDI), reduce trade gaps between countries, save foreign currency and enhance educational and health status significantly.

The roundtable on 'Economic and Social benefits of Power Trade in South Asia Growth Quadrangle Region' was jointly organised by South Asia Regional Energy Coalition (Sarec), USAID, Dhaka Chamber of Commerce and Industry (DCCI) and American Chamber of Commerce in Bangladesh (AmCham) at the DCCI auditorium.

Energy experts, analysts and business leaders at the discussion suggested greater regional cooperation, accelerated private-public partnership and electricity trade to foster socio-economic development

in this region.

"Rural electrification programme has created a huge market for electrical appliances, increased the higher rate of electricity-powered irrigation than diesel, resulting in higher and intense cropping yield and standard of living," Prof Barakat said.

He said expansion of access to electricity of households, social institutions and economic sectors is a must to accelerate economic growth and human development. Barakat said only 33 percent people in the country have access to electricity, while the coverage is only 22 percent in rural areas. The current shortage of electricity is 500MW.

He listed low access and availability, poor quality and financial performance, system loss and capacity constraints of power generation, transmission and distribution that created huge fiscal burden and constrained expansion of growing demand for electricity.

Surplus hydropower in wet season in Nepal and Bhutan coincides with seasonal peak of supply shortage in Bangladesh, especially

in the western and northern regions, he noted.

Citing his own study on 350 villages, the economist said the poor are benefited more from the access to electricity than those of the rich.

Professor Mahendra P Lama, a renowned economist from India, stressed sub-regional interconnections of power grids and termed the unavailability of electricity as the main impediment to the development and growth in South Asia.

Through sub-regional interconnections, the rate of GDP of Bangladesh could be enhanced by 1.3 to 2 percentage points in short term, while 1.5 to 4.2 percentage points in Nepal, Lama pointed out.

"Power exchanges will immensely change the export baskets resulting a boost in production of diversified products, higher trading and exports," he added.

Relocation of industries from cities to rural areas will change the rural scenario by enhancing infrastructure and communication that will help reduce the urban-rural gap, P Lama, a professor of Jawaharlal Nehru University, Delhi, attributed.

In his study, Lama showed that each 10 MW power project creates about 1,200 unskilled jobs for about three years of construction period.

Responding to a question that India has not been cordial in multi-lateral deals on water and energy issues, Lama said it is a matter of mindset. He however said these issues need to be dealt incorporating civil society, donor agencies and the media.

Cross-border power trading will help the country in building foreign exchange reserves and reduce political instability and tension, Amcham President Aftab ul Islam said.

"It will not only increase economic growth, but also establish new relationship among various ethnic groups, social integration, and women empowerment," he observed.

DCCI President Sayeeful Islam, stressing private sector involvement in the power trade, said a pilot project in a small scale could be undertaken before regional grid connection.



The office-bearers of Metropolitan Chamber of Commerce and Industry and the chambers former presidents led by incumbent President Kutubuddin Ahmed call on Prime Minister Khaleda Zia at her office in Dhaka yesterday.

Mir Tobarok loses IFIC Bank directorship

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The central bank has declared the directorship of Mir Tobarok Hossain on the board of International Finance Investment and Commerce (IFIC) Bank Ltd illegal.

In a letter, dated April 30, to the IFIC Bank, Bangladesh Bank (BB) said the election of Tobarok as the bank's director is illegal as per the Bank Company Act, 1991.

BB said Beximco Synthetics Ltd is a loan defaulter company in which Tobarok has stake and any stakeholder of a loan defaulter company or any individual loan defaulter cannot be elected a director of a bank.

Tobarok was elected a director of the IFIC Bank at the annual general meeting of the bank held in December 2003.

Govt preparing initial INL in line with Safta list

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The government has started preparing an initial Indicative Negative List (INL) based on the Safta sensitive list to exchange it with other Bimstec member countries.

The member countries of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) will exchange the initial INL during the forthcoming 5th meeting of the Bimstec Trade Negotiation Committee (TNC) scheduled to be held in the first week of next month at Colombo.

Bimstec, a bloc of Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand, was formed to achieve its own free trade area by 2017.

A high profile committee at a meeting at the Tariff Commission yesterday assigned the country's Free Trade Group (FTG) to finalise the negative list under 25 percent tariff line like the Safta (South Asia Free Trade Agreement) negative list.

Chaired by the Tariff Commission chairman, the meeting was attended by representatives from ministries concerned, National Board of Revenue (NBR) and private sector experts.

The FTG will also find out any possible variables in preparing negative list in case of Myanmar and Thailand, as the countries are not Safta members.

The FTG will finalise the list by May 20 and the list will be placed before the NBR for recommendation.

Sources of the tariff commission said negotiations over Bimstec on trade in goods are expected to be completed by December 2005, while negotiations on trade in services and investment by 2007.

Bimstec member countries agreed to establish the Bimstec Free Trade Area Framework Agreement in order to stimulate trade and investment in the countries involved, and attract outsiders to trade with and invest in Bimstec at a higher volume, sources said.

All members, except Bangladesh because of domestic procedure, became signatories to the Framework Agreement at the 6th ministerial meeting.

Bangladesh later signed the Framework Agreement on June 25, 2004.

Still no action on proposal for body to better accounting standard

SEC chairman says

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) long ago requested the commerce ministry to form a supervisory body in a bid to improve the accounting standard in the country but there is no specific action yet, SEC Chairman Mirza Azizul Islam told a seminar yesterday.

"We gave the proposal to the commerce ministry but it is something that I don't know whether the issue of forming the body is in the cold storage," he explained.

The SEC chairman was speaking as chief guest at a CPE seminar on 'Compliance of International Accounting Standards in Bangladesh' organised by the Institute of Chartered Accountants of Bangladesh (ICAB) in Dhaka.

Expressing his dissatisfaction about maintaining the international auditing standard (IAS) in the country, Islam said there are some deficiencies and the word adoption is also misleading in this regard.

"We take the privilege by saying international standard has been adopted," he said noting ICAB should play much more active role in the oversight function.

"I got a conflicting picture from the discussion of the ICAB members," the SEC chairman went on suggesting chartered accountants belong to an independent profession and they must exercise it.

AKM Rafiqul Islam chaired the seminar while Jamaluddin Ahmed, partner of Hoda Vasi Chowdhury & Co, and Wares Karim, senior lecturer of School of Accounting and Commercial Law, Victoria University of Wellington in New Zealand, jointly presented the keynote paper. Sultan Ahmed, acting president of the ICAB, also spoke at the seminar.

The ICAB has no power to enforce its own standards for the compliance with accounting standards and as such the adopted accounting standards can be said to be recommendatory, the keynote paper mentioned.

Nonetheless, the ICAB instructed its members to disclose in the audit report any deviation from the accounting standards, it said adding it was expected that the ICAB members would put their best endeavour to secure compliance of the standards, which did not come out successful at all.

Lack of enforceable mechanisms for IAS is very significant weakness, it said suggesting the SEC should come up with the enforcement mechanism to ensure compliance with IAS or appropriate disclosure of non-compliance.

There are some problems in implementing the accounting standards. The companies are reluctant to disclose information and they are only concerned about the minimum disclosure, the keynote paper added.

These accounting standards are not mandatory and the members are not required to prepare the financial reports unless and until they are incorporated into the legislation, it explained.

Lisohaka, Hithro to set up joint venture co in Bangladesh

Vietnam's Lisohaka Motor Joint Stock Company and Bangladesh's Hithro International will set up a joint venture company in Bangladesh.

An agreement to this effect was signed at Hanoi in Vietnam recently between the two companies, says a press release.

Vu Manh Ha, general director of Lisohaka Motor, and Enayetur Rahaman, owner of Hithro International, signed the agreement on behalf of the organisations.

According to the deal, Lisohaka Motor will hold 60 percent ownership of the joint venture while Hithro International will hold the rest 40 percent.

The new venture titled Lisohaka-Hithro JV Co Ltd will go into operation within next one year, the release added.

Bangladesh, Pakistan agree to hold trade fairs

UNB, Dhaka

Commerce ministers of Bangladesh and Pakistan have agreed in principle to hold single trade fairs in both the countries to increase bilateral trade.

Commerce Minister Altaf Hossain Choudhury and his Pakistani counterpart Humayun Akhter Khan expressed their interest to hold such trade fairs when they met in Paris on the sidelines of a meeting of the commerce ministers of the least developed countries of WTO, according to a message received here yesterday.

During their meeting, they also agreed to exchange business delegations between the two countries to explore market for their respective products.

Altaf Hossain also met Indian Commerce Minister Kamal Nath and discussed trans-border trade, development of land ports and increasing trade facilities for Bangladesh in northeast Indian states.

Altaf also exchanged views with trade representative of USA Robert Portman, Commerce, Industries and Technology Minister of Hong Kong John C Tsang in separate meetings.

Earlier, the commerce minister met special advisor for International Commerce Affairs to Uruguayan President Carlos Perez Del Castillo at his hotel suite.

Framework needed for NGOs to monitor micro-finance activities

Seminar observes

STAR BUSINESS REPORT

A separate legal framework is needed for the country's non-governmental organisations to ensure accountability in their micro-finance activities, speakers told a discussion in Dhaka yesterday.

A legal framework will also help government to monitor malpractice by a section of NGOs, which are cheating poor people, said Khandokar Ibrahim Khaled, managing director of Pubali Bank.

Although some years ago Asian Development Bank took steps to make a legal framework for the NGOs, government did not continue with the move, Khaled told discussion titled "Future challenges of micro-credit: Bangladesh perspective". Asa, a local NGO organised the discussion to mark the International Micro-credit Year-2005 of United Nation.

Sajjad Jahir, senior research fellow of BIDS, said the government can also disburse micro-credit by state owned NGOs, Bangladesh Rural Development Board (BRDB) and Polli Karma Sahayak Foundation (PKSF), to cut the micro-finance interest rate.

Quoting a study by PKSF, Md. Shafiqul Haque Choudhury, president of Asa, said about 10 lakh poor families in Bangladesh are enjoying micro-finance facility through local and international NGOs. But the NGOs are yet to reach over two lakh poor families more.

"We have to make a separate progressive legal framework and find out reliable capital sources to reach the rests of the people," he added.

Bangla dailies, the Manabjamine and the Sangbad, and English daily The Independent were the media partners of the event.

Texas Group celebrates 20th anniversary

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Texas Group, a local group of companies, celebrated its 20th founding anniversary in Dhaka on Tuesday.

Starting in 1985, Texas Group now has 11 companies involved in information technology, computer hardware and software, textiles, garments and commodity trading business, said Syed Faruque Ahmed, chairman of Texas Group.

Speaking as the chief guest Foreign Minister M Morshed Khan lauded Texas Group for its role especially in the garment and textile sector.

ECB key interest rates steady

AFP, Berlin

The European Central Bank held its key interest rates steady as expected at its regular monthly policy-setting meeting here on Wednesday.

The ECB said it held the minimum bid rate for its regular refinancing operations steady at 2.00 percent, where it has been since June 2003.

Correction

A story titled 'Share prices bounce back' run by The Daily Star on Wednesday mistakenly included Bank Asia among top 10 losers.

In fact, Bank Asia's share price increased by 6.47 percent to Tk452.75 on May 3 from Tk425.25 on May 2.

We regret the mistake and apologise for any possible wrong signal to investors of the capital market.

Air-India resumes operation from Dhaka June 18

STAR BUSINESS REPORT

State-run Air-India Limited is resuming flight operation from Dhaka on June 18.

The Indian airline suspended its operation in the early nineties.

"We are resuming our flights to several cities in the world from where we had earlier withdrawn our operation. We are also starting operation in new cities," said V Thulsidas, chairman and managing director of Air-India Limited, yesterday at a press conference in Dhaka.

Thulsidas said the airline suspended the Dhaka operation mainly due to financial difficulties.

The airline will operate three flights a week on Dhaka-Delhi, Dhaka-Kolkata and Dhaka-Delhi-London routes on Saturday, Tuesday and Thursday.

The passengers from Chittagong and Sylhet will also get connecting flight facilities.

About fare Thulsidas said the fare will be competitive.

Among others, N Surin, commercial manager, Eastern India, A K Mitra, manager, Bangladesh office, and Ansbert D'souza, general manager, Finance of Air-India, attended the conference.

Toyota, Nissan lift US auto sales

AFP, Washington

US auto sales sped up in April, but gains came mainly from Japanese carmakers, with General Motors and Ford hurt by waning demand for gasoline-hungry sport utility vehicles, sales data showed Tuesday.

Overall vehicle sales increased 5.7 percent in April from a year ago to 1,504,168 units, according to Autodata Corp. figures. That represents an annualized rate of 17.46 million from 16.6 million in April 2004.

The data confirmed a trend toward more fuel-efficient vehicles in the face of crude oil and gasoline prices hitting record levels in April.

But the report showed mixed fortunes for different automakers, with sharp increases for Toyota and Nissan and sluggish sales for Ford and GM, which are struggling to sell the large SUVs that have become less popular with surging fuel costs.

"Obviously higher gasoline prices have driven consumers away from SUVs," said Jason Schenker, an analyst at Wachovia Securities, saying that pump prices of around 2.50 dollars a gallon are starting to hit consumers.



V Thulsidas, chairman and managing director of Air-India Limited, speaks at a press conference in Dhaka yesterday.

DSE maintains upturn

UNB, Dhaka

Share prices on the Dhaka Stock Exchange maintained upturn for the second consecutive day yesterday, further recovering from the shocks of a crash a couple of days back following a selling spree.

Although the turnover is not very much significant against the backdrop of the falling market, prices of all categories of shares registered increase to push the All Share Price Index (DSI) 46.50 points or 3.98 per cent up to close at 1212.49 points from Tuesday's 1166.

The market made the bucks

facings demonstrations by the investors on Monday after witnessing the highest fall—78 points or 6.62 per cent—since the new index for all shares was introduced on March 28 with 1510 points.

On the bearish market since April 2, the bourse benchmark had also gone up on April 19 following another demonstration by the investors on April 18 amid another significant fall.

The DSE-20 (DS20) index for 20 selective shares also gained 88.42 points or 5.41 per cent to close at 1722.24 points where it was 1634 points on Tuesday.

The DSE general index (DGEN) rose 63.83 points or 4.19 per cent to close at 1584.60 while it was at 1521 on Tuesday.

A total of 160 issues were traded yesterday. Of them, 121 gained, 24 declined and 15 remained unchanged.

Some 4.27 million shares and debentures worth Tk 324.47 million changed hands on the day against 4.14 million valued Tk 273 million on the previous trading day.

Market capitalization stood at Tk 196.85 billion yesterday against Tk 189.81 billion on Tuesday.

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