

Govt to re-fix gas prices for foreign investors

BDNEWS, Dhaka

The government is going to re-fix the tariffs of natural gas for foreign investors.

The Energy and Mineral Resources Division has started working to determine the gas prices for the foreign investors in different sectors, State Minister for Energy AKM Mosharraf Hossain said yesterday.

He said the government is determined to set an identical pricing for foreign investors in power, fertiliser, cement and other sectors.

"However, the prices for the export-oriented industries and industries dependent purely on the

domestic markets will be different," he said.

The state minister made the disclosure yesterday after a meeting with Titas Gas Transmission and Distribution Company Limited at his ministry office.

He sat with the Titas as the ministry launched a bid to review the implementation of the directives made by it for the energy sector companies.

Mosharraf said a number of foreign companies are showing interest to invest in power, cement, fertiliser, chemical and steel sectors. Already, he said, Tata and several other companies signed

expression of interests with the Board of Investment.

According to latest tariff structure, price of per thousand cubic feet of gas for power is Tk 73.19, for fertiliser Tk 63.41, captive power Tk 105.59 and industry Tk 145.20.

However, for foreign investors the standard tariff is Kafco price for fertiliser, AES for power and Lafarge for cement.

However, still the gas price compared to international market is lower in Bangladesh.

In re-fixing the prices for the foreign investors, officials concerned said the ministry will consider recommendations of National

Energy Pricing Committee and suggestions of the committee formed two years back for determining gas price for the power sector.

Indications are there that the tariffs will be determined adding the production, transmission and distribution costs with the production cost of gas in old and new gas fields.

The state minister, however, did not say when the task will be complete.

The meeting was also attended by Secretary AKM Zafrullah Khan, Additional Secretary Ehsan-ul-Fattah, Petrobangla Chairman SR Osmany and Titas MD MAbdullah.

Share prices dip again

BDNEWS, Dhaka

The capital market Saturday turned back to dipping trend following a recovery from the crashing shocks last week.

Earlier, in last three trading days the DSE General Index recovered 155 points from drastic fall on May 2 (Monday) reaching at 1590 points on Thursday.

The Dhaka Stock Exchange (DSE) All Share Price Index lost 27.09 points or 2.22 percent and closed at 1192.81 points Saturday, from Thursday's 1219.90 points.

In Chittagong Stock Exchange (CSE) all share prices index lost 45.35 points or 1.48 percent to close at 3017.09 points the same day.

The DSE general index closed at 1546.97 points losing 43.86 points or 2.75 percent from 1590.83 points of the previous trading day.

The DSE-20 index lost 43.67 points or 2.53 percent closing at 1677 points from 1721.36 points Thursday.

BIMSTEC MEET NEXT MONTH

India to finalise negative list

PALLAB BHATTACHARYA, New Delhi

India will finalise by next week a negative list of 1,250 goods that will not qualify for tariff cut ahead of the meeting of Bimstec officials next month to firm up a free trade agreement, official sources said here yesterday.

Bimstec (the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) comprises Bangladesh, India, Thailand, Sri Lanka, Myanmar, Bhutan and Nepal.

The Commerce Ministry is having consultations with industries associations and export promotion councils to shape India's stand on the regional FTA.

The negative lists of items will be exchanged among member-countries at the next meeting of the Bimstec to be held next month.

PRE-BUDGET INTERVIEW

Steps to plug graft loopholes in tax systems needed

MCCI president talks to The Daily Star

MONJUR MAHMUD

A businessperson paying taxes properly feels discouraged in the present context when he or she sees another person easily evade taxes, said Kutubuddin Ahmed, president of Metropolitan Chamber of Commerce and Industry.

So, measures to plug corruption loopholes in tax systems are really needed, he told The Daily Star in a pre-budget interview.

Poor management has crippled the tax administration and bringing about a significant change in the administrative structure is vital for improving the situation, he said.

There are weaknesses in all major areas of the tax administration. The overall management should be overhauled so that every body within the administration is motivated, he felt recommending the decentralisation of the tax administration.

"Every tax division should have its respective target and customs officials may be given incentives so that they feel encouraged to work hard."

Customs officials are not paid well. Better salary package for tax people is needed to curb corruption, Kutubuddin felt citing examples of Singapore where government officials are highest paid people.

Those who will not work properly should be punished. At the same time, those who are sincere and work hard must be rewarded, the MCCI president went on.

Appointment of a tax ombudsman can bring about a significant change in the present scenario, he said adding that people should be motivated to pay taxes and an internet-based system can help stimulate the taxpayers.

Introducing a system to collect revenue at sources will also help better recovery, he said.

There should be transparency in the government expenditure. Citing example of the annual development programme (ADP), Kutubuddin observed it is not a good practice to implement ADP projects at a snail's pace in almost 10 months and the major portion in the last two months.

Most of the works can be done during November to April period and it will also ensure best use of the limited resources, he explained adding that there must be transparency and accountability in implementing the projects. Delay in implementing a project for a year pushes the overall cost 10 percent up.

Referring to the Ashulia link road, he added that it



Kutubuddin Ahmed

has generated thousands of jobs. So, timely implementation of the projects can help create more employments. Private sector can be involved in implementing infrastructure projects, which will help make best use of resources and reduce pressure on limited resources.

"We have to improve our level in technical education so as to compete with rest of the world," he said. "There has been a good demand for nurses globally. So, steps may be taken to provide them with better training to encourage them to go abroad."

There should be a consistency in the government policy as frequent change hampers business heavily. In case of any policy shift, business people should be given adequate time so that they can get a chance to change the nature of their businesses, Kutubuddin said.

The MCCI president stressed the need for continuing tax holiday, saying misuse of tax holiday is again entirely a management problem.

STAR BUSINESS REPORT

Speakers at a roundtable yesterday called for a comprehensive national policy for development of micro, small and medium enterprises (MSMEs).

Inadequate policy support is hampering the development of the MSMEs here and lack of coordinated vision undermines linkages between MSME and the rest of the economy, they said.

Economists, social scientists, researchers, entrepreneurs, bankers and policy makers attended the roundtable on 'Micro, Small and Medium Enterprises Development in Bangladesh: Situation, Problems, and Suggested Solutions' jointly organised by Human Development Research Centre (HDRC), Katalyst and The Daily Star at the Cirdap auditorium in Dhaka.

M Taher Uddin, senior consultant, Saiful Hoque, director, international programme development of HDRC, and Abul Barkat, professor

of economics at Dhaka University, jointly prepared the keynote paper.

Speaking at the roundtable, Aly Zaker, chief executive officer and managing director of Asiatic Marketing Company Ltd, said a small enterprise can become a giant company if it receives necessary social and financial support.

Mahfuz Anam, editor of The Daily Star, said running an enterprise is not only an economic challenge, but also an intellectual one.

"It is clearly an intellectual and creative work to add value to an investment," he observed.

Presenting the keynote paper, M Taher Uddin said inaccessibility to financial resources due to rigidity in banking system and lack of quality materials and appropriate production facilities are impeding the growth of MSME.

Access to market is the most crucial development impediment for the MSMEs. Lack of knowledge about marketing technique, market segmentation and access to market

in the face of globalisation are real obstacles to the sustainable growth of MSMEs, the keynote paper added.

The country's MSMEs could not avail various incentive packages due to complicated administrative and bureaucratic processes, it mentioned.

Taking fiscal measures, increasing subsidy, providing easy bank loan facility, and having start-up fund are essential prerequisites for the growth of the MSMEs, it added.

Reza Ali, chief executive officer and managing director of Bitopi Advertising, emphasised establishing an information cell that will help entrepreneurs get necessary business information.

Nasreen Awal Minto, president of the Women Entrepreneurs Association of Bangladesh, said the country's overall growth cannot be reached at a satisfactory level ignoring the contribution of the women and without ensuring their participation in the MSMEs.



PHOTO: STAR

Abul Barkat (2-R), professor of economics at Dhaka University, speaks at a roundtable on micro, small and medium enterprise development, jointly organised by Human Development Research Centre (HDRC), Katalyst and The Daily Star in Dhaka yesterday.

Frozen food exporters blame EPB for false export outlay

BDNEWS, Dhaka

The Bangladesh Frozen Food Exporters Association (BFFEA) claimed that the Export Promotion Bureau (EPB) has made a false statement about the export outlay from the sector.

Exporters said this statement could affect the industry in both national and international levels.

BFFEA officials said Bangladesh earned over US\$ 300 million during the first nine months of the 2004-05 fiscal, but the EPB recorded it as \$ 166.74 million.

When the EPB revealed the export performance for the period of July-February, an exporter of frozen food said, "We were shocked to see the statistics as \$ 155 million."

But, the real figure was \$ 290 to \$295 million, he added.

"A committee comprising the BFFEA, the Department of Fisheries and the EPB, has been formed to investigate into the matter," said Abul Bashar, chief executive officer of BFFEA.

Exports of frozen foods have never fallen except the year 2001-02 as a consequence of the September 11 incident, he claimed.

"We have collected information from the Board of Investment, banks and our exporters to cross-examine

the EPB's information," said Quazi Monirul Haq, immediate past president of BFFEA. "Every time, we got EPB's information wrong," he added.

As the frozen food exporters are facing problems to comply with the standards set by the US and EU, Haq said this false statement will give a further blow to the exporters and farmers as well.

Exporters have been asked again to send their export statistics by May 15 to remove the confusion inflamed due to EPB's statistics, he added.

Frozen food recorded an export of \$ 390.25 million in the 2003-04 fiscal and the target was set at \$ 430 million for the current fiscal.

For the first nine months of the current fiscal, the strategic export target of frozen food was \$ 311.75 million and the EPB has shown an export income of \$ 166.74 million marking 46.51 percent short of the target.

Whereas the BFFEA said they have exported frozen foods worth over \$ 300 million for July-March of 2004-05.

The US is the single largest importer of Bangladeshi frozen foods (about 35 percent) followed by the European Union (about 55 percent), BFFEA sources said.