



RUN-UP TO BUDGET FY06

Poor tax incentives bar cos from going public

DSE president tells *The Daily Star*

JASIM UDDIN KHAN

Inadequate tax incentives for listed companies are discouraging successful local and multinational companies to go public, observed Shahiq Khan, president of Dhaka Stock Exchange.

"Presently, the number of securities with strong fundamental is not adequate and it is one of the major problems," he said in a pre-budget interview with *The Daily Star*.

"Offloading the government's stakes in different prospective companies can be a short-term solution, he suggested.

"If the government offloads the shares of its portion in different multinational and local companies, other companies will be inspired to raise funds from the capital market by issuing initial public offering," the DSE president felt.

A total of 251 companies are listed with the prime bourse of which only 30 percent are doing well, he said adding that most of the issues listed with the DSE are poor performers and investors have limited options to invest their hard-earned

money.

The government should offer attractive incentives for the listed companies to woo big corporate houses and multinational companies in the capital market, said Khan. "The government should also take other fiscal measures to make

percent of GDP.

Citing examples of the existing high cost of capital for investment, Khan noted raising fund from the stock market is much cheaper than that from other sources.

The members of the DSE may be extended loan facility at bank rate, he said explaining that it can help save the market from sudden debacle.

Referring to some ongoing expansion programmes, the president said the DSE is now in the process of updating its present capacity in order to extend its electronic trading network across the country.

On completion of the expansion works, the members will be able to extend their services at district-level and it will increase the daily turnover, he hoped.

Around 70 percent of the companies listed with the DSE have already joined the central depository system (CDS) and the investors are now enjoying many facilities following the introduction of CDS, Khansaid.



Shahiq Khan

the capital market vibrant."

The financial position of the country's capital market is not strong yet, as the market capitalisation is less than four

Small entrepreneurs seek export subsidy

UNB, Dhaka

When products of small and cottage industries hardly get moral support of the policymakers, the "so-called" export subsidy still remains a far cry for the small entrepreneurs to boost their line of production.

"When it comes to subsidy and support, it is important to think who deserve it, but the government stopped providing subsidy to Jamdani saree producers although the product has a high demand in our neighbouring countries," M Alauddin, owner of M Alauddin Jamdani at Rugganj, Narayanganj, told the news agency at BSCIC Training Institute yesterday.

The small entrepreneurs are, in fact, frustrated for poor attention of both the government and the country's apex trade body to promote 6,49,744 small and cottage industries that employed some 2.8 million people. They expect a better deal from the government in the coming national budget for fiscal year 2005-06.

Referring to plot shortage on Narayanganj BSCIC estate, he said, "Now there are only 400 plots, but we need more than 1200 plots."

ues, there will be no option for them but to give up their age-old business.

They said they are passing through a bad time due to unusual price hike of the silk thread and absence of government subsidy and support. Ten grams of silk thread is now selling at Tk 28 against Tk 14 a few months back.

"Small industries have enormous potentials and they could help earn huge amount foreign currencies, but we can't do that just for negligence of the government," Alauddin said.

Describing their woes, Alauddin said, "The Indian government stopped allowing duty-free access of our Jamdani sarees to its market last year, but our government seems to be reluctant to start negotiations with them in this regard."

About patronage of the apex trade body -- FBCCI -- he said, "They are busy promoting their own businesses and they don't have any time to think about us."

Referring to plot shortage on Narayanganj BSCIC estate, he said, "Now there are only 400 plots, but we need more than 1200 plots."



Wolfowitz takes World Bank helm

REUTERS, Washington

Paul Wolfowitz became World Bank president yesterday and said his agenda would focus on Africa, tackling corruption and making poor countries feel less sidelined in the bank's decisions.

In his first briefing with reporters since he was confirmed unanimously in March, the former US deputy defence secretary said he did not plan an organisational makeover.

The development bank was in "great shape," he declared, with a mission clearly trained on tackling global poverty.

Wolfowitz takes the reins of the globe's premier lender to impoverished countries despite widespread criticism of his role as the architect of the US war in Iraq.

He quieted his critics by inviting them to meet with him and even handed out his e-mail to staff members still uneasy about their new boss.

Food ministry okays Tk 94cr ADP

UNB, Dhaka

Food and Disaster Management Ministry yesterday approved a Tk 94 crore annual development programme for implementing 15 projects.

The approval was given at a review and monitoring meeting of the Food and Disaster Management Ministry with Minister Chowdhury Kamal Ibne Yousuf in the chair.

Of the 15 projects, 10 are being implemented under Food for Works Programme while the remaining five are new.

The ongoing projects are construction of bridges and culverts, comprehensive disaster management programme, righteous-based planning and monitoring disaster preparedness, construction of disaster management and relief buildings and shelter centres in the country's southwestern region.

The other projects included renovation, rehabilitation and construction of food godowns, setting up of computer network for Food Department, expansion of Chittagong silo jetty, installation of weighing machines in different establishments of the Food Department and providing technical support to strengthen food quality control system in Bangladesh.

26 foreign cos bid for gas, oil explorations in India

PALLAB BHATTACHARYA, New Delhi

In an unprecedented response to India's search for energy security, 26 companies from 13 countries, including the UK, Canada and Kuwait, have bid for explorations of gas and oil fields in the country.

Seven leading companies from the United Kingdom and five from Canada have joined the race for the fifth round of bids under New Exploration and Licensing Policy, according to Petroleum Minister Mani Shankar Aiyar.

British companies including Cairn Energy, British Petroleum and British Gas while Petrosbras of Brazil, Petronas of Malaysia and KUPPEC of Kuwait are bidding for exploration, he told reporters here on Tuesday. "India has arrived with a thud in the global energy market," commented Aiyar.

There are at least 17 foreign companies who are bidding for the first time in energy exploration in India and the scenario indicates a new era in Indian hydrocarbon sector, he said.

The Indian government has received a total of 69 bids including leading private sector firm Reliance and state-owned Oil and Natural Gas Corporation. The global energy major Chevron Texaco has not made a bid.

Knitwear exporters eye China market

10 local firms to take part in Kunming fair

SARWAR A CHOWDHURY

When China is dominating the world apparel market, local knitwear exporters are confident to grab a portion of Chinese market.

They are also optimistic about capturing a major portion of the big Chinese apparel market worth around US\$420 billion, as for the first time they are going to take part in an international fair in Southern China.

Some ten Bangladeshi knitwear companies will participate in the five-day 13th China Kunming Import and Export Commodities Fair beginning on June 6 at Kunming International Convention and Exhibition Centre.

Talking to *The Daily Star*, Fazlul Haque, president of Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA), said the BKMEA will set up a pavilion in the fair where Bangladeshi knitwear goods especially T-shirt, polo shirt and basic sweater will be

put on display.

He said although China dominates the world apparel market, the country has to import apparel products to meet its local demand.

For exporting apparel products China subsidised the apparel exporters, but Chinese local garment manufacturers do not get any subsidy from the government. So the production cost remains higher than the cost of imported items, he told quoting a study on the Chinese apparel market done by the BKMEA recently.

"Moreover, China is now looking for manufacturing more value added items, which creates an opportunity for us to export our items at a competitive price," he said.

"The study also revealed that we have a great chance to capture the Chinese market especially of the knitwear segment," said the BKMEA chief who will lead a 34-member business delegation to participate in the fair.

Haque said the fair will help establish new business contacts, develop new business sectors, improve customer ties and at the same time meet new buyers.

The fair will also enable Bangladeshi knitwear manufacturers to showcase their products and capabilities, promote Bangladeshi products as well as strengthen business links between Bangladesh and China, he hoped.

On the sideline of the fair, the BKMEA will also hold business meetings with potential Chinese buyers, chambers, associations and government bodies, Haque added.

He said there is also a possibility of Chinese investment in Bangladesh as China now wants to relocate some textile industries in the least developed countries (LDCs).

"And I think Bangladesh is one step ahead in this regard as our country is a safer place for investment," he said adding that

Bangladesh is also receiving some facilities from the US and EU as an LDC.

However, the BKMEA president said, "The prospect, what we are saying, depends on the successes of the Kunming fair and business meetings."

More than 1,000 businesspeople from some 30 countries, regions and international organisations, and more than 1,200 enterprises, including over 100 foreign-funded ones, from 27 Chinese provinces, municipalities and autonomous regions will attend the fair in Kunming, the provincial capital of Yunnan province.

Bangladesh earned US\$ 2,152 million from export of knitwear goods in the first nine months of 2004-05, posting an increase of 40 percent from the corresponding period of the last fiscal.

Gillette holds promotional raffle draws

STAR BUSINESS REPORT

Raffle draws of trade promotional campaign of Gillette Bangladesh were held yesterday simultaneously in Dhaka, Chittagong and Khulna.

Gillette Bangladesh earlier announced some 204 prizes including a motor cycle and ten refrigerators for the retailers of Gillette razors during April 16 to May 31. The retailers were given coupons with numbers against buying every six razors of two categories - Gillette II and Gillette Blue II.

In line with the offer, Gillette officials divided the country into four separate zones including two zones in Dhaka for trade promotional activities.

Country Manager of Gillette KM Dubey, Area Sales Manager (Dhaka) Anisur Rahman, Area Sales Manager (Dhaka Metro) Abu Sufian and brand retailers were present at the raffle draws of Dhaka zones at Sundarban Hotel.

Winners of Pepsi offer to fly to meet Amitabh

'Adda with Amitabh', the latest promotional campaign of soft drink giant Pepsi, earned a huge response across the country.

So far, eight people have won the opportunity to enjoy a daylong company of the Indian film icon, Amitabh Bachhan.

The winners will fly for Kolkata in mid July to meet the star, says a press release.

Besides, a number of people won TV set, DVD player, Audio CD, Blender, T-shirt and other lucrative gifts.

Oil prices climb on eve of US inventories report

AFP, London

World oil prices rose on Wednesday when traders geared up for the release of official US data on crude stockpiles just a few days after the start of the summer driving season in the United States.

It came as Royal Dutch/Shell confirmed reports that it was forced to shut part of a refinery in the United States on Tuesday after a pipe burst.

New York's main contract, light sweet crude for delivery in July, gained 45 cents to 52.42 dollars per barrel in electronic deals.

In London, the price of Brent North Sea crude oil for delivery in July advanced 63 cents to 51.36 dollars per barrel.

Shell on Tuesday shut two units used to produce gasoline, or petrol, at a refinery in Texas, traders in London said.

A spokeswoman for Shell said she was aware of the incident at its Deer Park refinery but was unable to give further detail.

"Production is reported as normal so I don't think it's having a great price effect at the moment," a trader at Bache Financial said.

BEI, Katalyst to set up corporate social responsibility centre

STAR BUSINESS REPORT

Bangladesh Enterprise Institute (BEI) and Katalyst, a project promoting small and medium enterprises, yesterday signed a memorandum of understanding (MoU) to establish a corporate social responsibility (CSR) centre.

Farooq Sobhan, president of BEI, and Manish Pandey, acting project manager of Katalyst, signed the deal on behalf of their organisations at a function at the BEI conference room in Dhaka.

Speaking at the signing ceremony, Sobhan said CSR has

become a significant issue in Bangladesh due to the conditions imposed by foreign buyers on readymade garment sector.

Indeed, many multinational firms are now implementing corporate social responsibility initiatives by ensuring standards and closely monitoring the conduct of their suppliers, he mentioned.

"Corporate governance is an area, which has been a growing concern because of scandals, like the Premier Bank IPO scam that erupted mainly due to bad corporate governance practices," he went on.

Sobhan said it is important to

understand that the term corporate social responsibility incorporates a company's responsibility towards the environment, its workers, and the society as a whole.

Speaking at the function, Pandey said the CSR centre will help the business community build capacity within their respective organisations.

Iftekar Ahmed, senior research fellow of BEI, Martin van der Wijck, manager, business environment division of Katalyst, and representatives from some local and multinational companies were present at the function.



PHOTO: STAR

Farooq Sobhan (3rd from right), president of Bangladesh Enterprise Institute, and Manish Pandey, acting project manager of Katalyst, exchange documents after signing a memorandum of understanding in Dhaka yesterday to establish a corporate social responsibility centre in Bangladesh.

Food shop owners decry VAT, threaten to close stores

BDNEWS, Dhaka

Food shop owners yesterday threatened to shut down shutters of some 4,000 food stores in Dhaka along with 21,000 others across the country, if the VAT is not exempted or brought down to a tolerable limit.

They also accused the National Board of Revenue (NBR) and VAT authorities of harassing them.

"We are soon going to launch agitation to save restaurants, fast food shops and bakeries from the clutch of VAT and we will enforce 72-hour strike and if necessary more tougher programmes to realise our demand," said Kamrudin Ahmed Khokon, chief advisor to newly formed Food Merchant Association, an umbrella organisation of five associations.

"We will also stop supply of food. The situation will be so bad that

there will be no food even in road-side shops. If necessary, we will stop food supply to hospitals," said Khandaker Ruhul Amin, convener of the alliance.

Bangladesh Restaurant Owners' Association, Bread-biscuit and Confectionary Owners' Association, Sweet Shop Owners' Association, Chinese Restaurant Owners' Association and Fast Food Entrepreneurs Association formed the alliance.

The merchants claimed that at present the number of members of their platform is over 50 thousand. The total number of restaurants across the country is also over 25,000, including 4,000 in Dhaka. Each restaurant employs 30 persons on an average. About one crore people are directly involved with the business of food items, they

said.

Leaders of five associations of food and bakery entrepreneurs told the news agency that though the government has imposed 1.5 percent VAT on luxurious goods, it imposed 15 percent VAT on essential items like food.

They alleged that food traders are incurring loss due to payment of 15 percent VAT on its total sale. "Consumers are being exploited due to this increased payment for VAT as they had to bear the burden of additional cost."

Citing examples of India, the leaders said, Indian government has imposed 4 percent VAT on food items.

The association will announce action programmes from a press conference at National Press Club today.