Star BUSINESS

E-mail: business@thedailystar.net

Govt to privatise 17 firms

STAR BUSINESS REPORT

The government yesterday approved a proposal to privatise 17 state-owned enterprises, 12 of them operating in the textiles and jute industries, aiming to complete the process in four months.

"We are hopeful to hand over the enterprises to private owners within the next four months," Abu Solaiman Chowdhury, chairman of Privatisation Commission, told reporters after a meeting of the Advisers' Committee on Economic Affairs.

The government will go for open tenders after assessing the assets and liabilities of the enterprises, added Chowdhury.

The textiles and jute ministry-run concerns that face privatisation are Rangamati Textile Mills, Chittaranjan Cotton Mills in Narayanganj, Tangail Cotton Mills, Magura Textile Mills, Monwar Jute Mills in Narayanganj, Doulatpur Jute Mills in Khulna, Qaumi Jute Mills in Sirajganj, Services and Facilities Centre in Brahmanbaria, Handloom Service Centre in Narsingdi, Textile Facilities Centre in Noakhali, Rajshahi Silk Factory and Thakurgaon Silk Factory.

The industries ministry-run remaining five SoEs earmarked for sell-off are Dhaka Leather Company, North Bengal Paper Mills in Pabna, Chittagong Chemical Complex, Karnaphuli Rayon and Chemical Ltd in Rangamati and Bangladesh Can Company Ltd in Chittagong.

The Privatisation Commission also placed a proposal for privatisation of another 31 SoEs, but the meeting delayed the approval.

"We will take decision on the 31 enterprises after discussion with ministries concerned," Finance Adviser AB Mirza Azizul Islam, who presided over the meeting, told the reporters.

The Privatisation Commission has so far privatised 69 SoEs, 49 of them have been sold. The shares in 20 firms have been offloaded.

The Advisers' Committee on Economic Affairs also approved a proposal of the food ministry for procuring 50 lakh pieces of jute bags from the Bangladesh Jute Mills Corporation (BJMC) without performance guarantee. As per the Public Procurement Regulations (PPR), it is mandatory to take performance guarantee from suppliers.

The meeting also approved another proposal to set up a joint venture liquefied petroleum gas (LPG) bottling plant with Saudi Arabia.

The Bangladesh Petroleum Corporation (BPC) will set up the LPG bottling plant near Mongla port in Bangladesh in partnership with Saudi-based Bakri Group's subsidiary Peninsula LPG Inc.

The BPC and Peninsula LPG Inc will form a joint venture company, 'Bangla-Saudi Hydrocarbon Company', to install the plant. The BPC will give the required land as equity in the investment.

The joint venture plant will bottle about 40,000 tonnes of imported LPG a year, which will help the country meet its domestic demand for LPG to a large extent.

RUPALI BANK HANDOVER SOON

Another report adds: The handover of state-run Rupali Bank to its Saudi buyer may take place within a short time as the Saudi prince, the buyer, is likely to visit Bangladesh soon.

"We have heard that the Saudi prince plans to visit Bangladesh soon," said M Abu Solaiman Chowdhury, chairman of Privatisation Commission, after a meeting of the Advisers' Committee on Economic Affairs yesterday.

Chowdhury said there is no complexity to hand over the ownership of Rupali Bank to the Saudi prince. The government in this regard has already completed all formalities, he added.

When asked to comment on media reports that Prince Bandar Bin Mohammad Bin Abdul Rahman Al Saudi is not interested to buy the bank now, Chowdhury said it is not true. "So far we have regular communications with them," he said.

The government decided to privatise the state-run bank as part of the financial reform and banking sector modernisation. The Privatisation Commission invited bids from seven selected organisations listed through a scrutiny.

On August 27 last year, the commission declared the Saudi prince the highest bidder. On October 5, 2006, the then prime minister Khaleda Zia okayed the bid of US$330 million to buy 67.26 percent stake in Rupali Bank. The present government last month approved a proposal to sell its remaining 26 percent shares in Rupali Bank to the Saudi prince for $128 million.

WB team visits Ctg port to study handover of NCT to pvt sector

STAFF CORRESPONDENT, *Ctg*

A five-member World Bank delegation visited the Chittagong Port here yesterday to study different aspects of the possible handover of the operation of New Mooring Container Terminal (NCT) to the private sector.

During the visit, the delegation led by lead port specialist C Bert Crook held meeting with the officials of the Chittagong Port Authority (CPA).

The WB team enquired about the documentation process related to hand the NCT over to the private sector on SOT (supply, operate and transfer) basis, said the CPA sources.

CPA Chairman Mosleh Uddin and other high officials were present at the meeting.

The delegation that also includes Martha B Laurence, a senior transport specialist, is scheduled to visit different areas of the port and Bangladesh Railway today.

Meanwhile, the CPA gets Captain Yahia Syeed as new member (Operations).

Captain Yahia, who came from the Bangladesh Navy on deputation, joined his office here yesterday.

COMPLYING WITH WTO RULES

Import restrictions on salt to go in 2009

Local producers fear adverse impact

JASIM UDDIN KHAN

The government will lift import restrictions on salt in January 2009 to comply with World Trade Organisation rules, despite opposition from domestic salt producers who fear the impact on the local industry.

"The government has to comply with the WTO provisions," a high official of the Ministry of Commerce said yesterday.

"We have prepared a phase-out plan of lifting import restrictions and some other regulatory restrictions on imports by December 2008," he added.

The decision was taken in an inter-ministerial meeting held at the commerce ministry recently with the additional secretary, Golam Mostakim, in the chair.

Bangladesh has maintained import restriction on 17 products especially salt and poultry products. Although the import restrictions on salt will now be removed, salt imports will be subject to taxes and duties.

Domestic salt producers oppose the removal of the restrictions. "If the import restrictions on salt are lifted, the local industry will face a serious challenge from neighbouring countries," Md. Mijanur Rahman, president, Bangladesh Salt Industries Owners Association, argued.

Before opening up the industry to international competition, the government should have a strategy to protect the local salt producers with more than 1 million people directly involved in the industry, Mijanur Rahman added.

Currently, 90 percent edible salt demand and 70 percent of commercial salt demand are fulfilled by local production.

Neighbouring countries have a strong base of salt production and most of them are more competitive than Bangladesh, Mijanur Rahman said.

During the meeting, a representative from the National Board of Revenue said the local salt industry can be protected by imposing the highest ceiling of import duty, supplementary duty, value added tax and advance income tax on foreign salt.

In contrast the government decided to maintain restrictions on the import of day-old chickens and eggs under a provision of the GATT treaty that allows protection of human life. Restrictions on the import of poultry products were introduced following the discovery of avian influenza. Chickens and eggs are carriers of the influenza. In March, the virus was detected in Bangladesh.

Japan mulls all-in-one super bourse

AFP, *Tokyo*

Japan is considering a merger of its stock, commodity and other financial markets to boost their competitiveness in an increasingly fierce global environment, an official said Tuesday.

Prime Minister Shinzo Abe's top economic policy-setting panel on Tuesday proposed facilitating the integration of the Tokyo Stock Exchange and other financial markets into one super exchange, the Cabinet Office official said.

The Council on Economic and Fiscal Policy, which includes Japan Business Federation chairman Fujio Mitarai, made the proposal as part of efforts to help Japan's financial markets cope with rapid globalisation.

PHOTO: STAR

US Ambassador Patricia A Butenis (3-R) is seen at a view exchange meeting with the leaders of Rajshahi Chamber of Commerce & Industry yesterday in Rajshahi.

Thai auto sales drop 15pc in Mar

AFP, *Bangkok*

Thai auto sales continued to plunge in March, dropping 15 percent from a year earlier on sluggish consumer confidence and rising oil prices, an industry group said Tuesday.

Sales dropped for the third month in a row, causing first quarter sales volume to plummet 18.7 percent, said Toyota Motor Thailand, which compiles the figures.

Auto sales in March stood at 56,021 units, following a decline of 18.4 percent in February. Car sales plunged to a four-year low of 38,643 in January.

Anglo-Bangla chamber to protest propaganda against RMG

Expo Bangladesh 2007 in London in Oct

STAR BUSINESS REPORT

The Bangladesh-British Chamber of Commerce (BBCC) has assured Bangladesh's apparel sector leaders of providing assistance in extending readymade garments export to the UK and other European countries through their network.

The BBCC team led by its chairman Wali Tasar Uddin met with the leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) at the association office yesterday afternoon.

During the meeting, chaired by BGMEA President Anwar-Ul-Alam Chowdhury, the British team, however, sought cooperation from the BGMEA to resist any future propaganda against Bangladeshi RMG industry in the British media.

The BBCC delegates promised to the BGMEA leaders that they would study a report broadcast in a British media recently, which maligned image of the industry, and would raise a protest against the report.

BGMEA directors Abdullah Al Mahmud, Mohammed Harun-ur Rashid and Osama Asir and secretary Fasihur Rahman were present among others.

Meanwhile, a three-day single country fair styled 'Expo Bangladesh 2007' will begin in London in October.

The BBCC will organise the second version of the fair, scheduled for October 25-27.

"Readymade garments, frozen foods, pharmaceutical products, light engineering products, ceramics, leather and leather goods, food items and spices, which have a huge export potential in Europe, will be displayed in the fair, Wali Tasar Uddin, the BBCC chief, told a press conference in Dhaka yesterday.

"In the first version of the fair, a total of 70 local companies took part. We hope this year the number will reach 100," said Wali.

"The bilateral relation between Bangladesh and the UK will also be further strengthened through this fair, " SM Anwar Hossain, regional president of BBCC, said.

Indian Essar to buy Canadian steel firm for $1.58b

PALLAB BHATTACHARYA, *New Delhi*

After India-born LN Mittal and the leading industrial house Tatas, another Indian conglomerate the Essar Group has made a big move to buy a foreign steel company.

The Ruia-owned Essar Group has agreed to acquire Algoma Steel of Canada for nearly $1.58 billion in cash in a deal that is expected to close in June this year.

The decision to buy the Canadian steel company is part of Essar Steel's global expansion plan after it signed an agreement with two Vietnam firms in February this year to build a $527 million hot strip mill plant in that country.

The deal also marks the third mega merger and acquisition involving an Indian in the recent times after Mittal's $38 billion buyout of European steel giant Arcelor in 2006 and the Tata Group's $12 billion acquisition of the UK-based Corus Group earlier this year.

The Essar bid follows a failed takeover move of Algoma, which specialises in making steel sheets for automotive industry, by Germany's largest steel-maker Salzgitter AG last month.

Shashi Ruia, chairman of Essar Global Steel, said on Monday Algoma "provides us with an excellent platform for the Canadian and North American markets and fits in with our aim of being a global player".

New MD of Shilpa Bank

Md Amanullah has been made managing director of Bangladesh Shilpa Bank with effect from April 12, says a press release.

Prior to this assignment, he was deputy managing director of Sonali Bank. He joined Sonali Bank in 2000 and served in General Manager's Office in Khulna, Barisal and Head Office of Sonali Bank.

Amanullah started his banking career as an officer of Rupali Bank in 1973.

MCCI seeks more authority for tax ombudsman

STAR BUSINESS REPORT

The Metropolitan Chamber of Chamber of Commerce and Industry (MCCI) has recommended for widening the authority of tax ombudsman.

As per the Ombudsman Act, the tax ombudsman has been given power to recommend actions against wrongdoers, but he has no authority to punish them unlike the neighbouring country, the MCCI said in the editorial of its latest publication Tax News.

The chamber pointed out that since inception in 2005, the tax ombudsman received only 10 complaints, out of which five were disposed of. The remaining five cases consist of two anonymous petitions and three petitions relating to VAT evasion. These cases were beyond the jurisdiction of the tax ombudsman and hence those have been redirected to the VAT authorities concerned.

According to the MCCI, it will be advisable to start reviewing the reasons, without any further delay, as to why the tax ombudsman's office has not been able to win the public confidence it envisaged at the time of its creation.

"In our view, the functions and authority of the Tax Ombudsman's office should be widened," the chamber said.

It said appropriate amendment should be made in the existing law so that ombudsman is entitled to order punishment for the wrongdoers.

Besides, in order to make the office of Tax Ombudsman more meaningful, the limitation in the Tax Ombudsman Act should be removed as because the tax authorities deliberately avoid passing an order which may result in refund or in issuing refund warrants or giving effect to appeal decisions and the assessees with a fear of antagonising the authorities keep waiting for redress. "The aforesaid limitation bars the assessees from filing complaint to the Tax Ombudsman. In all fairness, assessees should have the right to file complaint on all pending issues without any limitation," the MCCI suggested.

Since the tax ombudsman in the country does not have sufficient workload to justify its existence, the Indian procedure of appeal in between Tribunal and the Supreme Court can be adopted in the country considering a comparatively cheaper cost of litigation than that of the High Court, according to the chamber. "Otherwise, Tax Ombudsman will remain limited to petty and sundry complaints of the tax payers," it continued.

The MCCI suggested strengthening and empowering the tax ombudsman for performing larger functions. "Like the Indian National Tribunal headed by a retired judge of the Supreme Court or the Chief Justice of the High Court as an intermediate body between the Taxes Appellate Tribunal and the Supreme Court, our Tax Ombudsman may be conferred with the power of High Court division with the provision that the appellant may go for 3rd appeal either before the tax ombudsman or the High Court, and with regard to this there is no lacking in the status of Tax Ombudsman because under article 11 of Tax Ombudsman Act, 2005, the status of the judge of a High Court division of the Supreme Court of Bangladesh has been given to the Tax Ombudsman."

Pointing out that a question may arise that the institution of Tax Ombudsman having been adopted in Bangladesh following Pakistan's example, the MCCI said, "Pakistan is a larger country where the network of Tax Ombudsman is spread over all provincial headquarters through regional offices of Tax Ombudsman and because of numerical strength in the enrolment of larger number of tax payers with diversity of problems than ours, Pakistan is in a better position. Besides, the treatment of Ombudsman's recommendations in Pakistan is more improved than ours."

In the conclusion, the MCCI said, "It is high time that our tax ombudsman is empowered with the powers of High Court division to adjudicate revenue disputes between the revenue office and the tax payers as detailed above leaving the option for the appellant either to go to tax ombudsman or to the High Court division keeping in mind the relatively cheaper cost factors. This will also lessen piling up of reference cases on "law points" before the High Court and the appellants will get quick disposal of appeal cases at this stage as substitute for lengthy High Court procedures under rejuvenated tax ombudsman's system with its empowerment with revenue dispute adjudication functions on proper judicial footing."

Appreciation of Indian rupee worries exporters

Currency rises to 9-yr high against dollar

PALLAB BHATTACHARYA, *New Delhi*

The appreciation of Indian rupee is causing worries to Indian exporters and happiness to importers.

The currency on Monday rose to a nine-year high against US dollar amidst selling of the greenback by Indian banks to raise cash, touching 41.85 on Monday, the highest since June 1998.

The rupee has risen almost 12 percent since its recent low of 47 per dollar in July last year.

According to dealers, the rupee has been rising against the dollar as the Reserve Bank of India (RBI) has been keeping away from market intervention in order to tame inflation, which had run up to about 6.5 percent and refused to come down.

When RBI buys dollars from the market, it releases rupees in the market adding to the liquidity, which chases goods and services, and fuelling inflation.

The RBI had of late been raising interest rates and sucking up money from the market to control inflation.

Exporters are likely to be hit by this month's 3.6 percent rise in the rupee, as it would erode the profit in terms of local currency for dollar earnings of Indian companies and exporters, industry analysts said.

While major Indian information technology companies have been bracing for weakening of the dollar through hedging, small exporters who cannot hedge will be affected.

Textile exporters could be hit as well. "It has come to a stage where I might have to close down my factory", said Premal Udani, president of Clothing Manufacturers' Association of India and managing director of Kaytee Corporation.

He says textile manufacturers and exporters are already incurring loss because they work at a margin lower than ten percent.