

Star BUSINESS

E-mail: business@thedailystar.net

INVESTMENT SCENARIO-I

Irregularities grip Bol

JASIM UDDIN KHAN

The state-run investment promotional agency has been grappling with irregularities for the last ten years.

Entrepreneurs see the Board of Investment (BoI) as an investors-unfriendly institution, though the organisation claims itself to be a friendly one.

According to investors, they are often forced to bribe the BoI officials to get their secretarial assistance in approving foreign loans, industrial registration certificates (IRC) for import of duty-free machinery or work permits for foreigners.

"Bribery is a very common practice at the BoI if any foreign entrepreneur wants to get foreign loan files processed. Everyone hastens to earn extra money at different desks of BoI," a member of the Foreign Investors' Chamber of Commerce and Industry (FICCI)

complained preferring anonymity.

In case of repatriating profit money by any company to its native land, it has no other option than expensing a considerable amount of money for a BoI official who has been assigned to process the files of the company concerned, the Fici member further alleged.

Another statement by a telecommunication company executive with regard to such ill-practice at the BoI has echoed the view of the Fici member.

This company official, also wanted to be anonymous, says if he does not comply with the BoI officials' desires of being gifted, he would not be able to get his application forwarded for repatriating profits to the shareholders.

So in the case of getting the IRC papers needed for importing duty-free machinery for any company being set up, he went on.

"All the secretarial procedures for issuance of IRC have to be completed at the BoI, which are very time-consuming and bothersome. A competent investor may feel shy experiencing such a malpractice," the executive alleged.

When asked, the newly appointed executive chairman of BoI, Mushtaq Uddin Ahmed, expressed his ignorance of any such malpractice.

He, however, said on receipt of any formal complaint, a committee would be formed with Abu Reza Khan, a BoI member, as its head to probe that.

"If the probe body finds any irregularity at the BoI, we will take initiative to root out the menace," Mushtaq said.

He denied any corrupt practice in allowing work permit for any foreign national.

In response to a query, Mamun

Rashid, managing director & CEO of Citibank NA, Bangladesh, said most of the Bangladesh government departments are ridden with clumsy procedures that result in some irregularities.

Sources in the BoI said its scrutiny committee approved 152 foreign loan proposals amounting to US\$ 3.39 billion in the last 30 years.

Out of the total foreign loans, telecommunications sector got the highest 49 loans amounting to \$1.8 billion, power generation 14 loans worth \$864 million, cement industries \$206 million, textile sector \$98 million and non-banking financial institutes \$44 million.

Meanwhile, the BoI issued 1477 new work permits for foreign nationals in Bangladesh during August 2006-July 2007.

During the period, work permits of 1652 foreign national were also renewed.

Asian stocks slip as subprime fears return

AFP, Hong Kong

Asian stocks closed mostly lower on Friday as investors locked in recent gains, with concerns re-emerging over the US subprime mortgage sector.

Regional trade was mostly subdued as players took a wait-and-see approach to further developments in the United States, in particular the release later Friday of US new home sales data.

The Chinese market provided a silver lining, however, as the benchmark Shanghai composite hit another record high on strong corporate earnings growth.

Global markets have taken a beating this month on fears that damage from default US subprime mortgages -- loans to customers with patchy credit histories -- will drain the cash flow to the broader economy.

Worries resurfaced Thursday after the head of Countrywide Financial, the biggest mortgage lender in the US, was quoted as saying the subprime problems would tip the world's largest economy into recession.

Asia's largest bourse in Tokyo fell 0.41 percent, although the benchmark Nikkei-225 index was still well above the key 16,000-point level which it regained in Thursday's strong rally.

Hong Kong shares were also soft, with the Hang Seng Index closing down 0.2 percent.

South Korea's KOSPI index ended 0.5 percent lower, but trimmed earlier losses with buying by retail investors offsetting continued selling by foreigners.

Australia's SPI/ASX 200 fell 1.2 percent, but the index marked the strongest weekly rally in 32 years in the past week as many investors remained uneasy.

Asean blueprint for economic community completed

AFP, Manila

The blueprint for an intergrated Southeast Asian economic community has been completed and must be implemented swiftly if the 2015 deadline is to be met, Asean economic officials were told Friday.

A declaration by the ministers of the Association of Southeast Asian Nations (Asean), said they had "endorsed the final text of the Asean economic community blueprint" and is ready for signing by Asean leaders when they meet in Singapore in November.

"We settled the text today and we have the strategic scheduling," for the community to come into being, said Ong Keng Yong, secretary-general of Asean.

Ong said Asean economic ministers attending a three-day meeting in Manila, would bring the text of the blueprint back home to their leaders in preparation for the signing.

He said it was not just economic ministers but even ministers from other sectors like transport, tourism and finance, who had "come on board" for the blueprint.

Ong said the document "consists mainly of timelines, what months and what years," certain integration measures would be implemented.

He conceded that the draft accord would still have to go through each countries' "domestic political system" but he expressed optimism it would not run into any opposition.

The blueprint also includes a monitoring mechanism to ensure countries comply with it.

Philippine Trade Secretary Peter Favila, chairman of the meeting, said implementation of the blueprint had to be done quickly to meet the 2015 deadline.

"The time to draft the Asean economic community blueprint is done. The time to implement the Asean economic community blueprint is now," said Favila.

He said the roadmap was both comprehensive and flexible enough to "allow us to modify and adjust to the vagaries of the global economy and political landscape."

Asean, which includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, has set 2015 as the date for the establishment of the Asean Economic Community (AEC), an integrated grouping that will allow the region to compete with Asian giants China and India.

Favila said the blueprint already contained a number of items that were "do-able" in 2008 although he did not elaborate.

There would be "unintended pockets of bureaucratic red tape" that could slow the implementation of the blueprint, but Favila was confident they could be overcome.

US budget deficit to fall to \$158b

AFP, Washington

The federal budget deficit is coming down faster than expected and will likely be reduced to 158 billion dollars for the current fiscal year, the Congressional Budget Office said Thursday.

The nonpartisan research office said the deficit for fiscal 2007, which ends September 30, would be 19 billion dollars less than it estimated in March and a decline of 90 billion dollars from last year.

The CBO's projected deficit is also smaller than the forecast by the White House in July of 205 billion dollars.



PHOTO: DBBL

Managing Director of Dutch-Bangla Bank Ltd (DBBL) Md Yeasin Ali inaugurates the bank's 40th branch in Feni town on Thursday. Senior officials, among others, were present. The bank also opened two ATM (automated teller machine) booths -- one on the new branch premises and another at Mahipal -- in the district town.

Tokyo to liberalise farmland lease system

ANN/ THE YOMIURI SHIMBUN

The farm ministry has begun studying the possibility of liberalising current regulations on leasing farmland to corporations to encourage greater private sector participation in agriculture, ministry officials said Wednesday.

The Agriculture, Forestry and Fisheries Ministry hopes to increase the nation's farming capacity and improve competitiveness by making greater use of the private sector.

Domestic agricultural production has been declining, highlighted by figures on the self-sufficiency rate for

fiscal 2006 that show domestically produced food accounted for less than 40 per cent of that consumed in the nation, in calorific terms, for the first time in 13 years.

The ministry will make the liberalisation of regulations on farmland leased to firms the pillar of farm reforms to be compiled in the autumn, the sources said.

It plans to submit a package of bills to revise laws related to reform, including a law to reinforce the framework for agricultural management, to the ordinary Diet session next year, aiming at carrying out the reform in fiscal 2008.

Indian inflation edges over 4pc

AFP, New Delhi

India's inflation edged higher to 4.10 percent on the back of costlier food but was well within central bank targets, data on Friday showed.

According to the wholesale price index -- India's most closely watched cost-of-living monitor -- inflation stood at 4.10 percent for the week ended August 11, up from 4.05 per cent in the previous week.

The wholesale price-based inflation stood at 5.07 per cent in the corresponding week a year ago.

This week's inflation figure was comfortably within the central bank's medium-term target of 4.0 to 4.5 percent for the next three to four years.

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