

# Star BUSINESS

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## Announce target regions for industrial expansion

### Businesspeople urge govt

#### STAR BUSINESS REPORT

Country's top businessmen yesterday proposed to the government to announce target regions for industrial expansion with availability of adequate gas and electricity supply.

Expressing their grave concern over the power shortage, they also urged the government to buy at least 500MW power by this year and add another 500MW by June 2008 so that smooth industrial growth is ensured.

The top businessmen placed the proposals before high ups of the caretaker government at a dialogue on "Bangladesh Economy and Future Perspective". at a city hotel.

The Ministry of Commerce organised the dialogue where Chief Adviser Fakhruddin Ahmed and Chief of Army Staff General Moeen U Ahmed were present.

The businessmen also urged the government to announce the lone-waiting coal policy. They also demanded to lower the industrial lending rate to a single digit.

Mahbubur Rahman, president of International Chamber of Commerce-Bangladesh (ICC-B), Anisul Haque, former president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and M A Rouf Chowdhury, a director of FBCCI (Federation of Bangladesh chamber of Commerce and Industry), presented separate keynote papers at the discussion relating to recent economic trends.

In his speech, Mahbubur Rahman said time has come to review seriously whether IMF and World Bank guidelines and conditionalities did any good for the growth and development of Bangladesh economy in the past.

"In this connection, we would urge the government not to sign the Policy Support Instrument (PSI) of IMF, which in a way would be compromising for our sovereignty and allow them just to act as a credit rating agency here," he said.

The government has set a 7 percent growth target for the coming fiscal.

Rahman said it is maintained that all the three major components of GDP like agriculture, industry and service sectors should enhance their contribution further to attain this optimistic growth target.

He said the recent slowdown in the growth of gross capital formation and private investment however does not evoke much optimism in this regard.

According to him, to achieve the targeted GDP growth, an additional investment of Tk200 billion to Tk250 billion will be required.

In his presentation, Anisul Haque placed a comparative view of lending rates in Bangladesh and some other neighboring countries.

He said when the industrial lending rates in some neighboring countries are low, it increases in Bangladesh in recent time.

Haque proposed to the government to formulate a short term and long term plans for the power and

gas sector development in the country.

He said Bangladesh's exports to the global market doubled in the last five years. But some barriers that hinder expansion of Bangladesh's export market still remain, he lamented.

He urged the government to focus on bilateral and multilateral negotiation for getting duty free market access of Bangladesh product to the developed countries.

Rouf Chowdhury said there is no good news in our investment horizon.

He said bank credit flow to the private sector has slowed and foreign investment is lower even than that in the last year.

"A large part of it relates to lack of confidence and uncertainties but an even larger part relates to high interest rates and tight monetary policy of the Bangladesh Bank," he said, adding "in fact, the most serious borrower today is the government, not the private sector".

The manufacturing sector has suffered a serious setback because of the rise in import taxes of industrial raw materials, Chowdhury said.

The last budget unfortunately favoured imports, not manufacturing, which resulted in generation of few jobs, he said.

"We have to create 20 lakh jobs per year, the fact today is the government is firing workers at a faster rate than the private sector is hiring," Chowdhury went on.

Prices of iftar items to remain reasonable on sound supply

Businesses hope

OUR CORRESPONDENT, City

As there is enough supply of essential commodities in the market, business community here hoped the prices of different food items especially those used for making iftar (fast-breaking) items would be reasonable during the month of Ramadan.

In order to make sure a congenial environment in the market, the businesspeople also urged the authorities concerned not to harass any businessperson who is doing business legally.

The businesses were speaking at the 4th monthly meeting of District Task Force committee yesterday in the port city with a view to keeping the prices of essential commodities at reasonable level during Ramadan.

Divisional Commissioner Hossain Jamil presided over the meeting where Deputy Commissioner (DC) Ashraf Shamim, Bangladesh Rifles (BDR) Sector Commander Major Alimul Karim Chowdhury, Chittagong Press Club President Ali Abbas, and representatives of different government offices including agriculture, food, fisheries and livestock were present.

Leaders of different business bodies including Chittagong Chamber of Commerce and Industries (CCCI) and some upazila nirbahi officers also participated in the meeting.

Divisional Commissioner Hossain Jamil urged the business leaders for extending their assistance to keep the prices of essential commodities especially those used in Ramadan at reasonable level.

Expressing his willingness to give all-out support to business community, he ensured that no businessperson would be harassed without any specific allegation.

## Govt intervention hurts business normalcy

BB's former deputy governor observes

#### STAR BUSINESS REPORT

While business leaders advocated a fearless environment, a former deputy governor of the central bank echoed the same yesterday saying that the government should not interfere in business.

In an era of globalisation or free market economy, government intervention jeopardises normalcy in business, Khondkar Ibrahim Khaled told a discussion in Dhaka.

The discussion on 'Industrial Growth and the Role of Financial Institutions' was organised by International Business Forum for Bangladesh (IBFB) at a city hotel.

Some restrictions on business activities that were imposed after the state of emergency hinder the country's economic growth, Ibrahim Khaled, also president of the Bangladesh Project Management Institute, said, adding that sooner the emergency goes, the better for the economic growth.

The keynote paper he presented at the discussion was 'Role of Financial Institutions in Industrial Development.'

The former senior banker suggested that all types of financial institutions in Bangladesh may plan for cohesive and coordinated approach for industrial development.

Addressing the function, Industries Secretary Nurul Amin pointed to the fact that lending rates of different financial institutions here are much higher than those in other Asian countries.

He said the local financial institutions charge 15 to 22 percent interests on loans, while the rate is 5 to 6 percent in China, 7 to 8 percent in India, 4 to 5 percent in Pakistan, 5 to 6 percent in Sri Lanka, 6 to 8 percent in Vietnam and 7 to 8

percent in Thailand.

FRM Hafiz-ul-Islam, managing director of Bangladesh Shilpa Rin Sangstha, A Quadir Choudhury, managing director of Phoenix Finance and Investments Limited, and Hafizur Rahman Khan, chairman of Runner Automobiles Ltd, presented three separate papers.

Hafiz-ul-Islam said the industry sector attained 9.6 percent growth in FY'06 and maintained continuous growth.

Focusing on some factors that impact such growth, he said, "We have to ensure vibrant and sustainable government policy, dynamic regulatory body, political stability, free from political interference, good legal framework and adequate infrastructure for continuous industrial growth."

Quadir Choudhury pointed out that the present fund cost against credit lines from banks varies from 13.5 percent to 14.5 percent.

He said fund cost and paucity of fund are two big barriers for growth of the non-banking financial institutions (NBFIs).

"In order to ensure NBFIs' active role in the market, ways and means are to be devised either through refinancing or opening a basket fund for them to be repaid by them over a period of time," he said.

Hafizur Rahman said the financial institutions are reluctant to support the small enterprises that help raise small industrial units.

"They always patronise the already affluent/successful industries," he said, suggesting that these institutions should be dynamic and bold enough to support the small and medium enterprises (SMEs).

IBFB President Mahmudul Islam Chowdhury also spoke at the function.

## NBR refuses IMF prescription on VAT, income tax

UNB, Dhaka

The National Board of Revenue (NBR) has refused an IMF proposal to introduce joint audit system for income tax and VAT (value added services).

The refusal came when IMF South Asia Department Advisor Thomas R Rumbaugh advanced the proposal to the revenue officials at a meeting at NBR here yesterday.

"We have not accepted the proposal and told the IMF advisor that it is neither possible nor viable to introduce the system in Bangladesh," Ali Ahmed, member (Income Tax) of NBR told the news agency emerging from the meeting.

He said Thomas who led the IMF team described the usefulness of the joint audit system for income tax and VAT. It would help get more information and detection of VAT and income tax dodgers, he added quoting Thomas.

"We have told him that VAT and income tax systems of the country are not all similar. VAT is day-to-day process while income tax return is an annual matter," Ali Ahmed told the IMF team.

At one stage, the IMF team gave the example of Pakistan where, it said, the joint audit system for income tax and VAT was working.

"I told them Pakistan is under the military economy, but Bangladesh is not. There is something difference in military economy and other economies," Ali Ahmed said.

About availability of information between the two revenue departments, the NBR member told the IMF team that the two departments were working in close cooperation.

"The information flow is quite alright," he told the IMF delegation.

The IMF team also wanted to know about the ambitious target of income tax this year at Tk 10,838 crore.

"We have told them that the target is achievable and we are very much on track to achieve the target," Ali Ahmed added.

He mentioned that the earning from income tax during the first two months of current fiscal stood at Tk 1,039 crore showing a growth of 58 percent.

The IMF team appreciated the performance of the Large Taxpayers Unit (LTU), which is the brainchild of the donor agency. In July and August, the growth rate of LTU is 60 percent and it has collected Tk 140 crore in July.

IMF is putting pressure on Bangladesh for a long time to initiate reforms in revenue management to increase the revenue collection saying that the tax-GDP ratio of Bangladesh is very low.

The tax-GDP ratio of the country in last fiscal was 10.30 percent.

## Federal Ins declares 12pc stock dividend

Federal Insurance Company Limited has declared a 12 percent stock dividend (bonus share) for the shareholders for the year 2006.

The dividend was announced at the 19th annual general meeting of the company held in Dhaka on Sunday with its chairman Mohammad Lokman Chowdhury presiding, says a press release.

The meeting approved the annual financial statements of the company for the year 2006.



PHOTO: STAR

Fazle Hasan Abed, chairman of BRAC, a leading non-government organisation, speaks at the launching ceremony of CSR Centre in Dhaka yesterday. Farooq Sobhan, president of Bangladesh Enterprise Institute, and Iftekar Ahmed, chief executive officer of the CSR Centre, are also seen.

## Spreading product diversification concept among rural people urged

#### STAR BUSINESS REPORT

In a bid to expand the export basket, Bangladesh needs to spread the product diversification concept among the rural people, speakers said at a seminar in Dhaka yesterday.

They said if the rural people are well aware of such a concept, it will not only reduce dependence on a limited exportable items, it will also open up doors for their livelihood.

"It is quite difficult to achieve a significant export target by just making a product list without developing research and development for any specific market and any initial sales target," Tomohiro Kinomoto, a representative of Jetro (Japan External Trade Organization), Bangladesh, told the seminar.

Export Promotion Bureau (EPB) and Jetro, Bangladesh jointly organised the seminar on One Village, One Product (OVOP) Movement: Spreading throughout the World.

The seminar aimed to share the experiences of Japan's One Village, One Product and Bangladesh's One District One product (ODOP) campaign.

Kinomoto said this is high time for Bangladesh government to enhance business activities in rural areas.

M Abdul Aziz, agriculture secretary, Mohammad Shahab Ullah, vice chairman of EPB, Yonezo Fukuda, deputy chief of mission,

Embassy of Japan in Dhaka, and Kanyarat Vongskul, minister (Commercial) of Royal Thai Embassy, also spoke.

Tadashi Uchida, special adviser, OVOP programme, International Exchange Promotion Committee, presented a keynote paper on the theme of the seminar, chaired by Fazle Hasan Abed, founder and chairperson of BRAC.

M Abdul Aziz urged the Japanese experts to provide all support so that EPB's One District One Product programme becomes successful.

He stressed the need for developing agro products in order to diversify exports.

Mohammad Shahab Ullah said under the ODOP programme, as many as 14 exports potential products from 41 districts have already been selected. He sought adequate government support so that these products can earn huge foreign exchange.

Yonezo Fukuda made an assurance that Japan government would provide necessary support to Bangladesh to make the ODOP programme successful.

One Village One Product programme, which is widely successful movement in Japan, has already been successfully initiated in other countries around the world.

Kanyarat Vongskul said Thailand also successfully implemented the Japanese model to diversify products.

## CSR Centre launched to up stakeholders' benefits

#### STAR BUSINESS REPORT

The CSR Centre was formally launched at BRAC Centre INN in Dhaka yesterday with the aim to promote corporate social responsibility (CSR) as a key strategy for corporate excellence in Bangladesh and maximise stakeholders' benefit.

The centre also aims to be the leading provider of complete solutions for CSR business needs in Bangladesh through the provision of commercial products and services.

Fazle Hasan Abed, chairman of BRAC and the chief guest of the ceremony, said business can no longer rely on sporadic acts of charity and philanthropy to offset growing concerns over issues of sustainable development, environmental degradation, and health and safety practices.

CSR has become a matter of survival for companies as consumers are starting to value responsible and ethical business practices, he added.

Farooq Sobhan, chairman of the CSR Centre Board of Trustees and president of Bangladesh Enterprise Institute, introduced the CSR Centre as an independent autonomous organisation that has been set up to provide dedicated CSR service in Bangladesh to facilitate, promote and advance CSR understanding and learning.

The centre has been launched with private sector start-up funding from eight corporate and non-corporate members.

Iftekar Ahmed, the CSR Centre's chief executive officer, highlighted various features of the centre and explained how CSR can be a strategic tool to facilitate sustainable growth of organisations through direct engagement in activities that augment stakeholders' interests.

To mark the launch of the CSR Centre, a CSR fair was organised where CSR strategies and projects from CARE Bangladesh, Changemaker, Development Research Network, Hathay Bunano and Warid Telecom provided practical examples of how corporate Bangladesh can use CSR to boost competitiveness.

The primary objective of the centre is to become the principal source of information, resources and advisory services on CSR in the country.

The CSR centre defines corporate social responsibility as a set of business practices based on ethical norms and transparency that contributes to sustainable development of internal and external stakeholders in the best interest of business, society and environment.

The majority of organisations in Bangladesh do not have sufficient resources necessary to act on the CSR opportunities.



PHOTO: STAR

Bata Managing Director JD Hearn (L) and other senior officials display new shoes in Dhaka yesterday as the company unveils 400 new designs ahead of the Eid-ul-Fitr.

## Warid offers reduced call tariffs

Warid Telecom has offered reduced day and nighttime call tariffs to any operator slashing down the rates to below Tk 1 for its subscribers, says a press release.

Dubbed as 'Zem Fun', the new offer allows prepaid subscribers of the mobile phone company to talk to any operator at only Tk 0.99 per minute from 9am to 5pm.

Besides, Warid has launched another offer to all prepaid as well as postpaid subscribers for nighttime call rates at Tk 0.25 per minute to Warid and Tk 0.99 per minute to other mobile phone operators.

Suiting their needs, prepaid subscribers can choose either per-second pulse, five FnF or 24-hour flat low rate under three packages -- 'Zem 1 Sec', 'Zem FnF' and 'Zem 24 hrs'.

Any prepaid customer can switch between these packages easily through the 'Warid SIM Genie Menu' available with every Warid SIM (subscriber identity module). This migration is free of charge with only 24 hours gap between switching from second migration onwards.

## Bata launches 400 new designs of shoes

#### STAR BUSINESS REPORT

Bata Shoe Company (Bangladesh) Ltd yesterday launched 400 new designs of shoes on the occasion of the upcoming Eid-ul-Fitr.

The new models were launched as part of the premier show maker's plan to unveil 600 new designs this year, MA Qader, marketing manager of the company, said at a press conference in Dhaka yesterday.

Traditionally Bata has a marketing programme to provide varieties of new shoes ahead of the Eid festival.

Per capita shoe consumption of the country is still less than one pair as many people in remote rural areas still remain bare-footed, Bata officials said in the programme.

Besides footwear for adults, Bata this year has given special emphasis on children shoes, said Ekramuzzaman, advertising and promotion manager.

Bata Managing Director JD Hearn also spoke on the occasion.



PHOTO: FEDERAL INS

Mohammad Lokman Chowdhury, chairman of Federal Insurance Company Limited, presides over the 19th annual general meeting of the company held at BIAM auditorium in Dhaka on Sunday.