

Housing sector guideline on cards

HELEML ALAM

The government has taken an initiative to bring the booming real estate sector under a strict guideline with provisions of jail and fine against those who will run a housing project without approval from the relevant authority and violate any agreement with buyers.

A draft ordinance, approved by the Council of Advisers on April 2 last, has sought, among other stern measures, to keep provisions of maximum five-year imprisonment and Tk 10 lakh fine for running a housing project without approval.

The draft Real Estate Management Ordinance 2008, also proposes a 3-year jail and Tk 10 lakh fine if any developer changes the plots or flats for which it had an agreement with buyers.

Meanwhile, as per the Cabinet suggestion a meeting of the sector stakeholders will be convened by the Ministry of Housing and Public Works tomorrow to illicit their opinions on the proposed guideline.

The new move, some of the customers of the sector hope, will help them to get rid of deception by any real estate company as there is no guideline now to monitor the activities of developers. They said at present the deceived clients have nowhere to go for lodging complaints, or getting justice for any breach of contract for apartments.



And also, the Real Estate and Housing Association of Bangladesh (REHAB) is also not in a position to take any effective measure against its members since the association itself have so far failed to formulate any code of conduct for their members.

The REHAB however suggested the government bring about some changes in the draft ordinance making it a balanced one.

REHAB President Tanvirul Haque Probal said they do not see anything bad in formulating any ordinance for streamlining the activities of the developers.

'Some changes in the ordinance are needed as some clauses would be detrimental to the developers and many innocent ones will have to

leave their business,' he said. The guideline proposed that the registration of real estate companies with a designated government agency should be mandatory.

Every developer has to apply for such registration in a prescribed form and fulfill some set criteria to run business.

Trade license, TIN number, VAT registration number, Memorandum of Association and Articles of Association and certificates of incorporation and registration certificate will have to be attached to the application for registration.

If anyone flouts the rule, he or she will be fined Tk five lakh, said the proposed ordinance.

The ordinance also proposed a two-year imprisonment and Tk one lakh fine if any developer mortgages any con-

structed or under construction plots, flats or spaces without informing its buyers.

It also proposed a five-year jail and Tk five lakh penalty for not using construction materials as agreed by any developer.

Any unauthorised suspension of any construction work for three months entails two-year rigorous imprisonment and Tk five lakh penalty or both.

A high official of the Rajdhani Unnayan Katipakkha (Rajuk) said this ordinance would reduce the harassment of buyers of flats and plots to a great extent.

'We could not take action against any defaulter developer due to absence of proper rules, though we were swamped with complaints,' he said.



Global CEO of MTI Consulting due today

MTI Consulting's global CEO Hilmy Cader arrives today in Dhaka on a daylong visit to meet government bodies, existing corporate clientele and business leaders in Bangladesh, says a press release.

MTI Consulting is an international consulting outfit. Over a span of 11 years, MTI has utilized its well acclaimed solutions to clients over 275 projects in 33 countries.

Chartered Secretaries Ordinance promulgated

UNB, Dhaka

The government has promulgated an ordinance titled 'The Chartered Secretaries Ordinance 2008' for development of the services of this category of officials in a coordinated way.

There will be an institute called 'Chartered Secretaries Institute' for exacting the objectives of the Ordinance.

The president has promulgated the Ordinance with effect from June 16.

'The head office of the institute will be situated in Dhaka and, if necessary, there will be branches at any place in the country,' says the gazette notification on the new law.

There will be a council called 'Chartered Secretaries Council' and the members of the council will elect president, senior vice-president, vice-president and treasurer. The tenure of the council will be three years.

Govt mulls corporate tax exemption for CSR spending: Aziz

UNB, Dhaka

Finance Adviser Dr Mirza Azizul Islam yesterday said the government is considering tax exemption on a part of corporate incomes to be spent on discharging corporate social responsibility (CSR).

'The matter was not included in the budget, but there is scope for taking a decision in this regard beyond the budget,' he told reporters, following a function of Dutch-Bangla Bank Ltd (DBBL) in Dhaka.

He, however, pointed out

that some individuals or organisations do not properly utilise any incentive policy, forcing the authorities to take a restrictive approach. 'Even then we are reviewing the issue.'

DBBL organised the function to distribute stipend among 100 students, who passed HSC examination, for helping them bear the educational expenses at graduation level.

Under the programme, each student will get Tk 2,000 per month and a lump sum of Tk 5,000 per year for buying

books and other study materials.

Addressing the function, DBBL Managing Director Yeasin Ali urged the finance adviser to exempt the CSR expenses from tax so the companies can expand their CSR programmes.

He said the banks have to spend Tk 145 on every stipend of Tk 100, as the corporate income tax of bank companies is 45 percent.

DBBL executives said the bank spends around Tk 4 crore annually as stipend.



Chief Executive Officer of Grameenphone Ltd Anders Jensen talks to a customer on the occasion of the company's biggest ever customer care programme held yesterday across the country.

Asia should move away from subsidies Says ex-IMF head

AFP, Singapore

Subsidies pose an increasing fiscal burden that emerging Asian economies should move away from, the former International Monetary Fund chief said Tuesday.

Rodrigo Rato said subsidies only resulted in market distortion, and that their beneficiaries included wealthier segments of society least in need

of assistance.

He said doing away with subsidies would not be easy because of social and political pressures, but maintained that keeping prices artificially low was not feasible.

'I know that poses a big challenge in societies with a huge amount of people that live with very low incomes but the experience in the world is that subsidies are not the

response to social policies,' said Rato.

He said subsidies 'benefit everybody, rich and poor, and I think that emerging economies have to understand, and I think they do, that subsidies have to be substituted by other, more efficient, social policies.'

China on Friday became the latest Asian nation to curb energy subsidies by increasing retail petrol and diesel prices as

much as 18 percent, moving to close the gap between state-set domestic prices and soaring world oil costs.

Faced with ballooning subsidy bills, Malaysia recently raised fuel prices by 41 percent and Indonesia by around 29 percent, leading thousands to protest in both countries. Taiwan and India have also raised energy costs.

HSBC launches Dhaka's map

STAR BUSINESS REPORT

The Hongkong and Shanghai Banking Corporation (HSBC) in Bangladesh yesterday launched a map containing details of Dhaka's historical places to celebrate the city's 400th founding anniversary.

The map will help promote the cultural heritage of the city, said Steve Banner, CEO of HSBC Bangladesh, at the launching ceremony in the capital.

He said the map highlighted the city's historical places and great architectural works that would help the tourists and the next generations learn more about the city's history.

Babu Ahmed, the map's designer and researcher, said the map has been planned in such a way that it will preserve the history and heritage of the city, and will help lure foreign tourists.

The map that was designed

at a cost of Tk 6 lakh contains details of 58 architectural works of historic importance, most of which were built in the 17th and 18th centuries.

The bank also sponsored seminar, photography exhibition and drama programmes in July to celebrate 400 years of Dhaka city.

The price of the map is Tk 100 and is available at Etcetera, Words and Pages, and in HSBC head office.



Biz Letters, Star Business, The Daily Star, 19 Karwan Bazar, Dhaka-1215

Anomalies in the steel industry

I would like to highlight the following serious anomalies in the Budget in regards to the steel industry.

The government, in order to reduce steel prices and contain price hikes, has reduced duties on scraps to flat rates. Scrapes and ship breaking scraps are now both on fixed rate duties and both are raw material sources for steel rolling mills.

Duties on 'Billets', another raw material being imported regularly, has been kept on ad valorem taxes, which means that billets will cost nearly Tk 5,000 more than it would cost to import scraps. Hence, the prices of quality rods from billets will be costlier than rods from scraps based mills.

Scraps are available at \$650 per tonne and billets are available at \$1205. With such import prices, why has ad valorem duties been enforced on billets? If one segment of the industry is to get fixed rates, the other segments should also get the same treatment.

Imported rods and billets are available at \$1100 and \$1205 per tonne in Chittagong, respectively. Duties on both these items are 7 percent with no VAT on either. How can rolling mills, based on billets, survive with such apparent anomaly? Is it not a fact that some vested quarters want the billets based mills to close down?

The country's demand can never ever be met with scrap based on rods. Billet imports will have to be done regularly. The Budget, as given now, will rather let billet based mills increase their prices further up and the rods from scraps based mills will follow suit!

It is expected the government will be fair to all concerned. However, killing one segment of an industry at the cost of another segment is really harsh. Like steel, oil prices are also increasing and our government is bearing the entire brunt. But by killing the billets based industries at the cost of scrap-based rolling mills is really harsh and unacceptable.

If billets based mills closed down, the prices of rods will go sky high.

Alihussain Akberali,
Chairman, BSRM Steels Ltd,
Chittagong.

Shrimp export and sea turtle conservation

I was attracted to the news item, 'Bangladeshi shrimp plants fully compliant' on the business pages on April 19. There is no doubt that the shrimp industry is the second largest foreign exchange earner for Bangladesh. This is one side of the story because the costs are borne by nature and the ecosystem.

I am going to highlight an issue related to the conservation of sea turtles and shrimp trade.

In 1987, the United States required all trawling shrimp



boats to equip their fishing nets with turtle excluder devices (TED). As a follow-up, two years after the shrimp-turtle law was implemented, the US required all countries that they imported shrimps from to certify that the boats were equipped with TEDs. Countries that could not guarantee the use of the escape devices were banned from exporting shrimps to the US, Bangladesh being one of them.

However, the ban was lifted, explaining that the shrimps exported by Bangladesh are cultured in hatcheries. The question still remained on whether the shrimp trawls collecting the mother shrimps used TEDs.

The Ministry of Fisheries & Livestock claims that TEDs are installed in some shrimp trawlers but the reality is different. In Bangladesh, the sea turtles are more threatened by the fishing nets. More than a thousand sea turtles were recorded dead from fishing nets last year. Sea turtles are recognized as endangered species worldwide and many countries, including Bangladesh, are working for its conservation. Moreover, Bangladesh is a signatory to the Convention on Biological Diversity and Convention on Migratory Species.

Most of the dead turtles are adult female sea turtles that come to nest on the beaches. Only one in a thousand hatchlings survive till maturity and it takes 25-30 years for a sea turtle to reach adulthood.

Bangladesh is not on the recently published list of the US State Department certified TED users. In addition to lobbying for increasing shrimp export, the government should note this and take appropriate steps.

S.M.A. Rashid, PhD
Mohammadpur, Dhaka

RMG workers' riot

Jute was once considered the golden fiber of Bangladesh. Now the garment industry has taken over and it plays an utmost role in enhancing the financial condition of the country. However, this industry is facing a competitive world market. We are far behind the global market in terms of proper representation and implementation.

Production depends on various things. Workers' satisfaction is one of them. Keeping a good relationship with the lower level workers is not very common, but collision between the workers and the owners is. Why they riot, is somewhat known to us.

Industry owners think negatively and try to cut costs. The salary that the workers get is not enough to prosecute life in the city and they do not feel complacence. Sometimes they do not get salary for months. Salary and job security must be materialized for the workers. The garment industries are set up in urban areas where the living costs are high.

Working duty has to be lessened because most of the workers are female. In general, they rush to work early in the morning and return at night. They wait for hours for transportation and sometimes they cover long distances on foot.

Internal domination is also a great issue. Some high level workers dominate over their subordinates. They sometimes physically torture and use slang if they do not listen to them.

We are also corrupted to think that female workers do not deserve high positions, even though the system is based on experience. Some female workers have small children and they face difficulties because they are not permitted to bring the child to work.

To save this productive industry and to make it competitive in the world market, the concerned authorities and the government should pay attention to reduce workers' riot. In conclusion I will say that the garment industry is a way to livelihood of the poor of the country.

Md. Tohidul Islam
Uttara, Dhaka.

Courier banking: a legal question

The scheduled banks in Bangladesh, as per the banking Company Act 1991, perform the business of banking. Banks sell some products and render various services to their customers. One of the most common services rendered is remittance (i.e. TT, DD, MT etc). Banks play a pivotal role in remitting funds from one place to another that helps the customer to transfer funds, aids in the hassle free movement of cash and reduces risks associated with carrying cash.

At present, courier services are largely remitting funds, which is a clear violation of the law. They transfer money through phones where the cell number of the customer is used as an account number. Such illegal business has two aspects. The positive aspect is that the customers, especially common peo-

ple, who have no access to formal financial systems, get prompt and smooth services in remitting funds. The negative aspect is that it has no legal base and the government is losing revenue. Banks have to pay 15 percent VAT on the service charge on remits but courier service does not pay the same to the government.

Considering the facts elucidated above, my suggestion in this regard is that either these kind of business should be stopped by the Bangladesh Bank for the safety of the customer or it needs to be legalised by the law to protect the customers' security.

In this case they should be permitted to perform this business on a limited scale. For example, they might be allowed to remit funds up to Tk 10,000 and when the business is legalised, the customers, especially common people, can get services easily and the government can earn revenues as well.

I want to urge all concerned, especially the central bank, to consider the matter seriously and take necessary steps soon in the interest of the common people.

Dewan Mosharraf,
Sirajganj.

Dare to dream bigger? Re-conditioned car imports on the rise

Under the prevailing economic sluggishness of the country, a sharp rise in the import of cars raises a number questions in the public's minds.

'A large number of car imports means a large payment obligation,' commented the NBR chief, while he was on a surprise visit to assess the unusual situation at the Chittagong Sea Port. This clearly indicates that such imports of luxury items will take a toll on the already slender foreign exchange reserves.

A special ship, the 'MV Lilac Ace', sailing from Japan, carried 1988 vehicles, mostly cars and minibuses and arrived at the Chittagong Port. It was said to be the largest ever single consignment of imported reconditioned vehicles just before the announcement of the budget.

However, we are not opposing the import of used or fresh vehicles for fulfilling the long cherished dreams of the middle class. We would like to categorically ask how long the middle class will use the used cars? Will they not be able to drive new cars made in Bangladesh, in the near future?

The investors in this sector may mull over setting up a car assembly industry under joint venture in the country. Our neighbour, India, has made significant progress in this arena.

Therefore, the policy makers and the business communities should think positively. Let us invite those car-exporting countries to set up their car manufacturing plants in Bangladesh so that the people can own cars at more affordable prices.

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