

Call for quick execution of power projects

STAR BUSINESS REPORT

Terminating the allocation for power and energy sector in the proposed budget as 'good enough' for short term, economists yesterday stressed quick implementation of the power projects.

They said the government should introduce a speedy tendering mechanism so implementation of the annual development programme (ADP) gets a momentum.

"The allocation for power and energy sector development is 'good enough' for short term," said Khondkar Ibrahim Khaled, emeritus fellow of Unnayan Shamannay.

He was speaking at a post-budget discussion jointly organised by Unnayan Shamannay and Shamunnay, two research organisations, at Dhaka Sheraton Hotel.

Finance Minister AMA Muhiut proposed Tk 6,115 crore for the power and energy sector for the upcoming fiscal year.

Ibrahim Khaled said the government should consider gas exploration to feed the power projects. He said there is no allocation for capacity development of Bangladesh Petroleum Corporation, which should have been taken into consideration.

AK Enamul Haque, a consultant of Unnayan Shamannay, said the allocation for the social safety net programmes should have been more to meet the millennium development goals.

Citi sticks to 6.1pc growth forecast

Describes Bangladesh budget as populist

STAR BUSINESS REPORT

Citi Group projects Bangladesh's economic growth at 6.1 percent for the next fiscal year, versus the government's estimate of 6.7 percent.

Citi's Asia Economics team sticks to its stand on GDP growth at 5.7 percent for the outgoing fiscal year, instead of the government estimate of 6 percent.

Citi said the budget placed for fiscal 2010-11 is a populist one that has focused largely on supporting agriculture and infrastructure development.

Citi's observation came after the government presented a Tk 132,170 crore budget in parliament on Thursday.

"On the macro front, we maintain our view of growth coming in at 5.7 percent in FY10, before recovering further to 6.1 percent in FY11 versus the government's estimate of 6 percent and 6.7 percent in FY10 and FY11 respectively," said Anushka Shah, economic and marketing analyst of Citi.

The budget deficit that stood at just 3.9 percent of GDP from projected 4.2 percent

for the outgoing year was because of lower development spending, she said. The government has targeted a deficit of 5 percent of GDP for fiscal 2010-11.

According to the analysis, rural development, agriculture and infrastructure are the key thrust areas of the budget. Farm spending targeted at Tk 7,500 crore.

Other key focus area is power, where allocations have been raised by 61.5 percent to Tk 6,100 crore. The government has aimed to encourage public private partnership and has set up an infrastructure finance fund with a corpus of Tk 1,600 crore.

Revenue growth assumptions of 16.8 percent are based on a significant rise in income taxes and VAT, Citi said.

On the expenditure front, it said, the budget targets development spending under the annual development programme (ADP) at Tk 38,500 crore, a 35.1 percent rise over the outgoing year.

Other measures include imposing a 10 percent tax on income earned by trading shares in listed companies, higher duties for

imported vehicles and real estate, and a rationalisation in duties for industrial raw materials.

A substantial portion of expenditure is tied up in subsidies and pays and allowances, Citi said.

"Similar to the past, the budget relies significantly on external financing (2 percent of GDP), while domestic financing comprises 3 percent of GDP."

Finally, in a bid to provide continued economic stimulus, the budget has allocated Tk 2,000 crore as core subsidies for the export sector, Citi said.

Meanwhile, a private research organisation in Dhaka has identified three major challenges for the government in reaching budget goals.

One of the challenges is how to recover from the current slowdown, partly attributable to the lagged effect of the global slowdown, Unnayan Onneshan said in a budget analysis.

The other two challenges are how to escalate the economic growth rate from the

current annual average of 6 percent and to drive the growth through expansion of productive capacity in agriculture and industry, it said.

Bangladesh took the last two decades to increase the country's average annual GDP growth from 4 percent to 6 percent, said Unnayan Onneshan.

Given such a track record of the economy over the decades on the growth rate, it said, the proposed budget should have come up with fundamentally different policy initiatives targeting such acceleration.

The government, in the manifesto, targeted the rate of GDP growth at 8 percent by 2013 and 10 percent by 2017.

Government has projected the growth rate for the upcoming fiscal year at 6.7 percent.

Unnayan Onneshan said the proposed budget falls short of suggesting radical schemes and options to lift the economy to such a high growth trajectory.

"Questions remain on the nature and sustainability of current growth pattern."

Realtors demand new tax withdrawal

STAR BUSINESS DESK

The Real Estate and Housing Association of Bangladesh yesterday demanded withdrawal of the Tk 2,000 per square metre tax proposed for the apartments in the city's certain areas.

"The 3.2 to eight times higher taxes, as proposed in the new budget, should be withdrawn," said the press statement from the realtors' trade body.

In a reaction to the budget placed in parliament Thursday, another four organisations said they found a lack of coordination in it. The organisations are La Via Campesina Bangladesh, Krishak Federation, Equitybd and Voice.

They also urged the government to manage a special agriculture budget for the southern region.

Baggage rule tightens for high-end TV

STAR BUSINESS REPORT

Under a new baggage rule, a passenger will have to pay an extra tax of Tk 25,000 for importing Plasma, LCD or such types of television of more than 52 inches.

The National Board of Revenue (NBR) on Thursday issued a circular regarding the baggage rule for the next fiscal year. In the no major change has been made except for three categories.

Now a person can import a television of 53 inch or wider by paying Tk 75,000, but in the next fiscal year the tax will be Tk 1 lakh.

For importing televisions of 18-52 inches, the amount of tax remains unchanged.

Besides, the passengers coming by road will be able to bring baggage worth maximum of \$300 tax-free in the next year, whereas now they can bring baggage worth \$200.

Reliance declares 30pc stock dividend

STAR BUSINESS DESK

Reliance Insurance declared 30 percent stock dividend for 2009 at its annual general meeting yesterday, the company said in a statement.

Shahnaz Rahman, chairman of the company, presided over the meeting at Bangabandhu International Conference Centre in Dhaka.

The company logged a gross premium income of more than Tk 104 crore and earned upwards of Tk 14.30 crore in pre-tax profit in 2009, the statement added.

Romana Rouf Chowdhury and Iftikhar Arshad Husain have been elected as new directors at the AGM.

Later at a board meeting, A Rouf Chowdhury has been elected as the company's chairman and Rajiv Prasad Shaha as vice-chairman.



Shahnaz Rahman, chairman of Reliance Insurance Ltd, presides over the insurer's 22nd annual general meeting at Bangabandhu International Conference Centre in Dhaka yesterday. The company declared 30 percent stock dividend for 2009. Abdur Rouf Chowdhury, the newly elected chairman, and Latifur Rahman, director, are also seen.



S Iqbal Khan, general manager (service) of Rangs Electronics Ltd, popularly known as SONY-RANGS, inaugurates the company's four-day Sony Free Service Clinic 2010 in Dhaka recently.

FBCCI polls: group introduced

STAR BUSINESS REPORT

At a projection meeting yesterday, the election board of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) introduced the candidates of the chamber group.

The introduction took place at Sonargaon Hotel in Dhaka. The biennial election is scheduled for June 19 at the FBCCI building. Voting will start from 9 in the morning to continue till 5 in the afternoon without any break.

The introduction of the candidates voting from the association group will

be held at the same venue today, said Ali Ashraf MP, chairman of the FBCCI election board.

Ashraf said this year, 58 candidates are vying -- 20 from the chamber group and 38 from the association group.

According to rules, voters will elect 14 directors from the chamber group and the same number of directors from the association group to lead the apex trade body in 2010-12.

Ashraf also said eight directors from the chamber group and eight from the association group have already been

nominated as per the chamber rules.

He said there are 315 valid voters under the chamber group and 1340 under the association group.

While introducing the candidates of his panel, AK Azad, managing director of Ha-Meem Group, promised to construct a building for FBCCI in the city, if he is elected. The candidates of the other panel were not present at the projection meeting.

"I will try to enhance FBCCI's capacity," Azad said.

Danish envoy upbeat on Bangladesh's potential in shipbuilding

STAR BUSINESS REPORT

Bangladesh can emerge as a quality shipbuilder, provided the nation cashes in on the growing demand in the post-recession time worldwide, Danish Ambassador in Dhaka Einar H Jensen has pointed out.

"The government has to play the key role by creating the frameworks and policies to address the shipbuilders' problems, including financial constraints, the envoy told a seminar in Dhaka yesterday.

Sheba Bangladesh Foundation organised the seminar on 'post-global economic recession: prospects of shipbuilding industry in Bangladesh' at the LGED auditorium.

The Danish envoy, who has been closely observing the sector over the three and half years, said the foreign buyers also believe Bangladesh has huge potential in shipbuilding industry.

In November last year, he said, 21 investors from Denmark visited Bangladesh and had meetings with the local entrepreneurs. "More than half of them are already in business in the sector, while others are coming," said Jensen.

He observed that business is back

now, as the demand for ships is rising again with the recession showing signs of recovery. Such demand marked a downturn on the onslaught of the financial meltdown worldwide, Jensen further said.

"The government should stand by the local businessmen willing to make investments in the shipbuilding industry by easing the bank finance for them. High lending rate and the cost of getting bank guarantee are the two major problems these businessmen are facing," he said, adding: "If the government does so, it will help strengthen the confidence and interests of foreign buyers and investors."

Industries Minister Dilip Barua said, "We'll provide all support to the shipbuilding sector, considered a new horizon of industrial development."

Admitting that the high lending rate and absence of cash incentives still hinder the growth, the minister assured the entrepreneurs concerned of doing the needful to develop the sector.

Dr Abdur Rahim in his keynote paper pointed to the fact that more than 50 percent of the world's ships are over 20 years old and require replacement in the next 5-10 years. Referring to a study

conducted by the Danish embassy, the shipbuilding sector expert said Bangladesh can build ships at a cost 15 percent lesser than other countries.

Rahim suggested the government help develop new shipyards, train a workforce for both the local and foreign markets and facilitate backward linkages industries for flourishing the industry.

Dr Abdullaheb Bari, chairman of Ananda Shipyard and Slipways Limited, demanded that the government provide 20 percent incentives for the sector. "India gives 30 percent, Vietnam 40-45 percent and China 20 percent," Bari cited the examples.

Shipbuilding businessmen Hafiz Rashed, Hafizur Rahman and Nurul Islam expressed their dismay as the sectoral problems, especially the issues relating to building shipyards, remain unresolved for long.

Agrani Bank Chairman Professor Khandaker Bazlul Haque chaired the seminar where former director general of shipping AKM Shafiqullah and chairman of Sheba Bangladesh Foundation Professor Shawkat Ara Hossain also spoke.

Chartered secretaries law passed

STAR BUSINESS REPORT

The government passed the long-awaited Chartered Secretaries Act 2010 on Monday, recognising the profession in Bangladesh. The bill had been pending since 1998.

With the passage of the law, chartered secretaries or company secretaries have come under a legal framework like chartered accountants and cost and management accountants.

"Corporate governance will improve with the passage of the law," said Mohammad Asad Ullah, president of the Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB), at a press conference at Dhaka Reporters Unity yesterday.

In a written statement, Asad Ullah, also company secretary of Beximco

Group, said: "Transparency and accountability will be established in the corporate management."

From now, chartered secretaries will be able to practise independently. Asad Ullah said the profession is highly respected in the developed world as well as in neighbouring India and Pakistan. "The profession is recognised in 140 countries."

Replying to a query, he said there are 110,000 registered companies in the country.

"There is a huge deficit of certified company secretaries in Bangladesh," said Mohammad Sanullah, company secretary of Singer Bangladesh.

ICSMB was set up in 1997 by a group of working company secretaries professionals.

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Mohammad Asad Ullah, president of Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB), speaks at a press conference at Dhaka Reporters Unity yesterday. ICSMB organised the meeting