

Apparel makers demand withdrawal of 1pc tax

Export sector will be in trouble: BGMEA

STAR BUSINESS REPORT

Any rise in tax at source will slow down exports, as it will cost apparel production more, and the prime foreign exchange earner will lose global competitiveness, the sector's trade body has feared.

The Bangladesh Garment Manufacturers and Exporters Association demanded withdrawal of the 1 percent such tax, as proposed in the new budget placed in parliament last Thursday.

Instead, the government can continue the existing 0.25 percent tax, suggested Abdus Salam Murshedy, the BGMEA president, at a post-budget press briefing at its office in Dhaka yesterday.

The apparel makers also raise their voice to demand not to finalise the budget proposal for a 15 percent VAT (value-added tax) on the rented floor space of a garment factory.

Such VAT imposition will hit hard the small and medium garment facto-

ries because the majority of those are set up on rented space, Murshedy said.

"If the new proposal for raising such tax comes into effect, the cost of garment production will be upped further. But, buyers are not ready to pay any extra amount now, as they are still struggling for recovery from the global recession," he said.

"So, we demand withdrawal of 15 percent VAT on rented floor space and continuation of tax at source at 0.25 percent instead of proposed 1 percent."

Moreover, the government should give a certain percentage of subsidy in diesel purchase, as the factory owners can hardly use full production capacity because of the shortage of gas supply and frequent outages of power, added the garment sector leader.

He urged the government to set up central effluent treatment plant for the factories located in Ashulia, Savar, Konabari, Gazipur, Bhaluka and Narayanganj, as those are expensive.

The BGMEA chief in this context also pointed to the sector's more than

Tk1,962 crore loss a year on an average due to the energy crunch.

Elaborating the increased cost of production, he said the manufacturers have now no alternative to air shipment for meeting the lead-time, which cost Tk1,311 crore between December 9, 2009 and April 10, 2010.

During the period, the amount of such shipment was 45,882 tonnes of apparel items.

"We're losing our competitiveness in international market for such unexpected costs," Murshedy said.

However, the BGMEA welcomes the Tk 6,115 crore budgetary allocation for power sector, more fund for public-private partnership and the Tk 2,000 crore stimulus.

Terming the proposed budget 'business and export-friendly', he also welcomed more fund in agriculture and rural economy, education, health, poverty reduction, infrastructure development, employment generation, human resources development and local government.



Abdus Salam Murshedy, centre, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), speaks at a post-budget press briefing at its office in Dhaka yesterday.



Mamoon Mahmood Shah, deputy managing director of Eastern Bank Ltd, and Sabbir Hossain Khan, chief operating officer of Rangs Properties Ltd, sign a deal at the realtor's head office in Dhaka recently. The bank will provide special loan facility to customers while purchasing flats from Rangs.

Govt mulls providing healthcare, electricity to poor women

STAR BUSINESS REPORT

The government is mulling mapping of the poor to provide them with exclusive services like healthcare and electricity facilities, Dr Tawfiq-e-Elahi Chowdhury, the prime minister's energy adviser, has said.

"We're trying to map the poor...including the women who are more vulnerable among the poor," he said addressing as chief guest the inauguration of a three-day workshop in Dhaka yesterday.

The World Bank in partnership with the Rural Electrification Board organised the workshop on 'gender and energy capacity building for South Asia' at Sonargaon Hotel.

For instance, the adviser said, the community clinics with solar energy systems across the country could be used for other purposes like providing

electricity facilities besides healthcare for the poor.

"This has to be done in a decentralised system," Chowdhury told the workshop. Representatives from Afghanistan, Bangladesh, Nepal, India, Pakistan and Sri Lanka are attending it.

Tawfiq-e-Elahi Chowdhury said women largely depend on power for food and healthcare, but they are discriminated in the development processes. Though solar energy is becoming popular, it is quite costly and the poor cannot afford it, he noted.

Chowdhury also pointed out that even when rural areas are brought under electrification, the poor are deprived of it. "Power really empowers people and therefore it should be looked from the perspective of rights," he said.

World Bank's Country Director Ellen Goldstein said energy has multiple effects on all millennium development

goals, clean household fuel improves indoor air pollution and reduces the rate of child and maternal mortality.

However, women are usually underrepresented and often absent in strategy formulation and project related consultations, design, implementation and monitoring and evaluation processes, she said.

The issue needs to be addressed for equitable development, Goldstein said, adding that they have taken a rural electrification project by renewable energy under which nearly 500,000 households use solar home systems, manufactured by women. That is a good success and could be replicated elsewhere, she said.

Kwawn Gaba, World Bank's energy specialist for South Asia, and Bhuiyan Shafiqul Islam, the REB chairman, also spoke.

Global acclaim for AB Bank

STAR BUSINESS DESK

Business Initiative Directions (BID), a Madrid-based organisation, has recently honoured AB Bank with its International Quality Summit Award in Platinum Category, the bank said in a statement yesterday.

Jose E Prieto, BID president and chief executive officer, handed the award to Kaiser A Chowdhury, president and managing director of AB Bank, at a recent convention in New York.

The award is recognition of the

bank's commitment to quality, business results, customer satisfaction, as well as the improvement of relations between employees, providers and other stakeholders, the statement added.

Since 1975, BID has been awarding companies all over the world for achievement in quality and excellence to the promotion of quality culture in commercial organisations.

The Platinum Award, also representing the success of Bangladesh in global business, will enhance the opportunity

for AB Bank to improve its position in the international market, the bank added.

About 178 countries around the world participated in the convention this year.

The ceremony was attended by reputed companies from different continents, together with leaders from various business entities, economists, architects, engineers, artists and quality experts, as well as academics and diplomatic representatives.



Jose E Prieto, president of Business Initiative Directions, Spain, hands over the International Quality Summit Award in 'platinum category' to Kaiser A Chowdhury, president and managing director of AB Bank, at a convention in New York recently.

Citi ranks high in socially responsible research

STAR BUSINESS DESK

Environmental Finance, a UK-based monthly magazine, has ranked Citi top in five categories in socially responsible investment analysis and research, the bank said in a statement.

In its inaugural Investment Research Survey, the magazine, which covers the ever-increasing impact of environmental issues on the lending, insurance, investment and trading decisions affecting industry, polled 250 institutional investors that use environmentally-themed investment research.

Institutional investors selected the best research team across five categories: renewable energy, climate change, water, resource/energy efficiency and carbon markets. Citi has come out top in all, based on the number of votes received across the categories.

Farm sub-sectors ignored in budget

Says agriculture development activist

STAR BUSINESS REPORT

Agricultural sub-sectors were neglected in the national budget proposed for fiscal 2010-11, although the core agriculture policy was emphasised, said an agriculture development activist yesterday.

The sectors that provide employment to many contribute a lot to the country's economy, but the contribution was not evaluated with proper importance, said Shykh Seraj at a press meet in Dhaka.

The post-budget press conference was arranged at the National Press Club as part of the programmes on agriculture budget involving farmers, aired on private satellite television Channel i.

A 44-point recommendation that came out from the programmes was placed before the finance minister, he added.

Shykh Seraj, director and head of news of Channel i, thanked the government on behalf of the farmer com-



Shykh Seraj, agriculture development activist, speaks at a press meet in Dhaka yesterday.

munity for considering 13 out of the 44 points in the budget.

Later, he urged the government to pay special attention towards poultry, fisheries and livestock and milk, and to sit with the growers

before preparing the agriculture budget in future.

He also stressed the need to take up short-, mid- and long-term plans to face the challenges that the agriculture sector may face in the days ahead.

China set to overtake Japan in ad market

AFP, Hong Kong

China will overtake Japan to become the world's second-largest advertising market within five years, according to a new report released yesterday.

The report on the entertainment and media industry by accountancy giant PricewaterhouseCoopers (PwC) predicts a sustained upturn in advertising growth in China whereas Japan, second only to the US, is largely static.

China will also overtake Japan in the gaming market by 2012, it predicts, adding that the video game industry will be four-times bigger than the music sector in Asia-Pacific by 2014.

The exhaustive Global Entertainment and Media Outlook 2010-2014 covers sectors from television, music, film and video games to radio, publishing and advertising in 48 countries.

"Traditionally within the context of Asia, Japan was always the gorilla," Marcel Fenez, PwC's global leader for entertainment and media told AFP.

"But the Japanese advertising market has either been flat, marginally up -- or down. While I wouldn't use the word 'inevitable', the writing is on the wall for China to overtake Japan."

And the so-called "Great Firewall

of China" -- a vast system of online censorship -- is not holding the country back. The main driver is local content, Fenez says.

"The power behind the growth in China is from within -- it is a domestic story. The demand from the consumer is to get high-quality content. The fact that it is a difficult market for foreigners is not stopping growth."

"And the speed of migration to digital in China is ahead of established markets. Consumer adoption is one of the strongest we have seen, particularly among the age 15-29 demographic. Take up is very high and very thorough."

Japan is the dominant Asian

country and the second-largest in the world behind the US, but has the region's slowest growth at a projected 2.8 percent.

The mobile Internet explosion, the report says, has already happened in Japan -- with 53 percent of global spending on mobile Internet in 2009 while other markets are "still at the bottom of the curve".

All sectors are expanding within Asia-Pacific, the only region where this is happening.

Even the so-called "dead tree" industry -- newspapers and magazines -- are still growing by up to 10 percent in some countries, such as India, Fenez said.



HeidelbergCement Bangladesh Managing Director Jean-Claude Jamar presides over the company's 21st annual general meeting at its plant at Rupganj in Narayanganj recently. The company approved 38 percent cash dividend for 2009.