



**HSBC Group GM due today**

**STAR BUSINESS DESK**  
 HSBC Group General Manager Louisa Cheang is scheduled to arrive in Dhaka today on a short visit.  
 During her visit, she will review personal banking business in Bangladesh, engage with staff members and also inaugurate a branch of the bank in Dhaka, the bank said in a statement yesterday. Cheang is also the bank's regional director of personal banking and marketing for the Asia-Pacific.  
 Having undertaken a number of vital capacities within HSBC, she was appointed group general manager in 2010.

**Don't evade tax: Muhith to garment makers**

**Govt may review tax on capital gain, minister tells MCCI meeting**

**STAR BUSINESS REPORT**

Finance Minister AMA Muhith yesterday called upon the readymade garment makers to contribute more to the country's revenue generation.

The minister also came down on the RMG businessmen when they asked for government stimulus for the sector and withdrawal of advance income tax and VAT on their rented offices and factory buildings.

"Although you (garment makers) are the highest foreign currency earners, none of you are on the list of the highest taxpayers," Muhith said at a meeting with the Metropolitan Chamber of Commerce and Industry (MCCI) at the chamber's conference room in Dhaka.

He said the RMG makers always seek exemption from taxes and VAT (value added tax).

The finance minister was responding to Shafiul Islam (Mohiuddin), second vice president of Bangladesh Garment Manufacturers and Exporters Association.

Muhith sought from the Dhaka Stock Exchange (DSE) formal suggestions on how to simplify the procedure for the non-resident Bangladeshis to trade on the stockmarket.

DSE President Shakil Rizvi called upon the minister to take steps to offload the shares of state-owned Sadharan Bima and Jiban Bima.

Rizvi also urged the leading private companies to come to the market.

The minister said the government might review the tax imposed on capital gain and premium and tax on transferring

shares by directors.

Muhith promised that he would review the 10 percent supplementary duty imposed on locally manufactured paints.

Former MCCI president Latifur Rahman urged the minister to allow the local entrepreneurs to invest abroad.

If the government allows some of the entrepreneurs to invest abroad under a strong regulatory vigilance, it will also help attract foreign investment, he said.

"Small countries like Sri Lanka have a huge amount of investment abroad, which enables the businessmen to develop further business relations and promote FDI," Rahman added.

MCCI President Anis Ud Dowla said slow growth in domestic private investment, high cost of doing business, declining foreign direct investment (FDI), labour unrest and poor law and order situation may jeopardise the planned economic growth and effective implementation of the budget.

He also suggested the government revise the foreign exchange regulations to allow growing industries like pharmaceuticals and agro/food processing to explore investment opportunities overseas.

Anis said a simpler, more transparent method and friendlier attitude of revenue authorities would yield a better revenue collection and ease deficit.

The MCCI strongly opposed the government move to reverse privatisation of loss making enterprises.



**Second from right, AMA Muhith, finance minister, attends a meeting of Metropolitan Chamber of Commerce and Industry (MCCI) at the chamber's office in Dhaka yesterday. M Anis Ud Dowla, MCCI president, and Latifur Rahman, former president of the trade body, are also seen.**



**Dr Yousuf H Rahman, an expatriate Bangladeshi, speaks at a seminar on "Budget reform lessons from experiences", organised by the Dhaka University Economics Department Alumni Association at the LGED auditorium in Dhaka yesterday. Seated from left, Dr AB Mirza Azizul Islam, former caretaker government finance adviser, and Dr Hossain Zillur Rahman, former commerce adviser, are also seen.**

**Economists agree on budget reform**

**STAR BUSINESS REPORT**

Economists are seldom of one mind on specific policies. But yesterday, many gathered at a seminar at Dhaka University agreed that a commission of experts should guide the nation's budget reforms.

They even concurred that reforms to the formulation and implementation of the nation's budget were essential to establish accountability, monitor performance and deepen democracy but only qualified economists should apply.

Former finance adviser Dr AB Mirza Azizul Islam said cross-sections of people have participated in pre-budget discussions, but these were not productive. "Everyone wants to incorporate his idea," he said.

Dr Hossain Zillur Rahman, a former commerce adviser to the caretaker government, said pre-budget consultations have become a voice without influence.

"The time has come to form a budget-reform commission," said Rahman. "Some sort of reforms are being carried out for 20 years, but we don't see any result."

Rahman questioned current performance monitoring, which allows foot-dragging on budget allocations that then are mostly spent in the last two months, to not appear a targets for cuts. "You will see 35 percent development budget is implemented (SPENT?) in 10 months, but it goes 90 percent after just one month," he said.

"We should try to improve accountabil-

ity," said Islam, who prepared and presented two past national budgets.

"There are lot of deficiencies in budget implementations. But no actions were taken so far for past failures," Islam added that a commission should itself pass the test of a cost-benefit analysis.

Dr Yousuf H Rahman, an expatriate Bangladeshi who works in the New York City Office of the Management and Budget, said reform should start with a budget commission made up only of top experts drawn from anywhere in the world.

"The government can involve people, both from inside and outside, to carry out reforms," said H Rahman. He also presented a paper on lessons learned from his New York City experiences.

Economists have persuaded the government to have a unified budget. Most oppose district budgets, arguing that districts have little institutional infrastructure to implement budget objectives.

"[A] budget which is divided into revenue and development heads is completely artificial," said Islam. He said a teacher's salary is given from the revenue account, while a school building is constructed from the development budget.

Ranjit Kumar Chakrabarty, additional secretary of the ministry of finance also called for an end to separate development and revenue budgets.

The university's Economics Department Alumni Association (DUEDAA) organised the seminar held at the LGED auditorium.

**Rahimafrooz, Akij team up to cut carbon**

**STAR BUSINESS REPORT**

Rahimafrooz Renewable Energy Ltd and Akij Group of Industries yesterday signed a clean development mechanism (CDM) service agreement for developing carbon emission reduction projects.

Bangladesh Carbon, an initiative of Rahimafrooz Renewable Energy, will act as specialised CDM project developer and help ensure carbon revenues from various carbon emission reduction initiatives of Akij Group.

Sheikh Bashir Uddin, managing

director of Akij Group, and Niaz Rahim, chairman of Rahimafrooz Renewable Energy, signed the deal, said a statement.

Carbon emission is measured in tonnes of CO2 reduced from any project activity, and the commercial unit of emission reduction is called certified emission reduction (CER).

Akij has taken energy saving initiatives to reduce carbon emission from its project activities.

It includes CO2 captured from the exhaust of boiler and generator in Akij Food and Beverages Ltd, and

heat generation from the biomass collected from the production waste-age in Akij Particle Industry.

This will in turn, save carbon emission and reward the project participant with CDM credits, and is likely to achieve CER of \$10 million in 10 years during the project period.

This CDM service agreement marks the first private sector initiative to develop and commercialise CDM projects through a CDM developer in Bangladesh.

The global carbon market is one of the fastest growing sectors, which

is estimated to reach over \$200 billion by the year 2012.

Afroz Rahim, group chairman, and Feroz Rahim, group managing director of Rahimafrooz Group, were also present.

Rahimafrooz Renewable Energy launched Bangladesh Carbon, a carbon trading unit aimed to develop, implement and commercialise projects under the CDM guidelines of UNFCCC Kyoto Protocol, with the technical assistance of its Australian partner Carbon Planet.

**Activists demand pictorial warnings on tobacco products**

**STAR BUSINESS REPORT**

Anti-smoking campaigners yesterday urged the government to amend the tobacco control law to ensure cigarette manufacturers print pictorial warnings on the packets of their products.

At a discussion on how to strengthen the law, Taifur Rahman, media and advocacy coordinator for Campaign for Tobacco-free Kids, said the pictorial warnings would be effective in curbing widespread smoking, as it will show the deadly consequences of smoking.

The Consumers Association of Bangladesh (CAB) organised the discussion at Dhaka Sheraton Hotel.

Pictorial warnings are appropriate for Bangladesh where the level of literacy is not high and many are ignorant about the basic facts of life, said Rahman.

Rahman suggest pictorial warnings show the images of the deadly disease-stricken throat and mouth as well as the consequences of lung cancer infestation.

Till date, laws of 25 countries across the world have made it compulsory to print such strong warnings on the packets of tobacco products.

Around 57,000 people in Bangladesh die every year from smoking, said Prof Arup Ratan Choudhury, president of MANAS.

Prof Choudhury also said that smoking kills one person every 6.5 seconds globally.

"We are incurring losses of around Tk 5,000 crore a year due to tobacco abuse in terms of productivity due to premature deaths, illnesses and disabilities," he added.

Most youths believe that smoking is a way of showing off their smartness to their girlfriends, but it is not, really, said Commerce Minister Faruk Khan.

"We have to raise mass awareness about the deadly consequences of tobacco abuse and family members can play a vital role in this regard," he said.

The discussants identified some reasons for smoking: curiosity, peer pressure, uncomfortable feelings and watching favourite celebrities smoking in movies.

"We will not promote any tobacco related products in Bangladesh and will take necessary steps to ban tobacco cultivation," Khan said.



**Dilip Barua, industries minister, hands over a Tk 1.75 crore cheque to Samson H Chowdhury, chairman of Mutual Trust Bank Ltd, under the credit wholesale programme of the Small and Medium Enterprise Foundation in Dhaka on Tuesday. The bank has recently launched a new 'tailor-made' loan product -- MTB Gunabati -- for women entrepreneurs.**

**Rights group urges govt not to harass RMG workers**

**DIPLOMATIC CORRESPONDENT**

A New York-based rights group has urged the government to stop harassment of trade union leaders, labour rights activists, and workers in Bangladesh's readymade garment (RMG) industry.

The Human Rights Watch (HRW) in a letter to the prime minister on Tuesday put forward the appeal.

It said on July 29, after tripartite negotiations with the government, workers, and employers, the government raised the monthly minimum wage for garment workers from Tk 1,662 to Tk 3,000, according to a press release of HRW received here yesterday.

Referring to the July 30-31 workers' protests, road blockade and damaging of factories and other properties, the HRW said security personnel responded with force, injuring scores of the protesting workers.

"The authorities can prevent criminal violence by the protesters, but the security forces are not entitled to use excessive force

to quell the protests," said Phil Robertson, deputy Asia director at HRW. "Unfortunately, rather than seeking solutions, the government seems now to be looking for scapegoats to justify a severe crackdown on labour rights activists."

In the letter to the prime minister, HRW urged the authorities to take steps to ensure the safety and security of labor rights activists of Bangladesh Centre for Worker Solidarity (BCWS) and other trade union organisations that lawfully protest employment conditions.

The rights group also called upon the government to encourage judicial authorities either to drop the charges against the BCWS leaders or, if the authorities have lawfully obtained evidence against the group's leaders, to make that evidence public and accord them a fair and expeditious trial.

"The government should immediately cease harassing and intimidating the BCWS leaders and other labour rights activists," Robertson said.

**\$1b Indian loan to drive growth**

**FBCCI says in its reaction to a deal with India**

**STAR BUSINESS REPORT**

Bangladesh will witness a higher economic growth due to the \$1 billion loan the country will get from India, as the fund will be spent for infrastructure development, said FBCCI President AK Azad yesterday.

Bangladesh will receive Tk 700 crore-Tk 800 crore a year in transit and transshipment fees, since India, Nepal and Bhutan will use the country's infrastructures, Azad said at a press conference at the Federation of

Bangladesh Chambers of Commerce and Industry (FBCCI) office in Dhaka.

In his formal reactions from the apex trade body to the recent \$1 billion loan agreement with India, Azad said Bangladesh will be able to sell its products to the northeastern states of India for improved communication.

"I think it is an effective agreement," Azad said, adding that Bangladesh will be benefited in many ways, as not only India, but Nepal and Bhutan will also use Bangladesh's roads and seaports.

Bangladesh will receive a significant amount of fees from the roads and port users of those countries, he said.

"I will say this is one of the best agreements if you think about the development of railway, roads and seaports infrastructures."

The \$1 billion loan, the biggest ever credit package by India to any nation, will finance 14 development projects of Bangladesh, particularly for infrastructure building.

The line of credit is also the single

largest loan to Bangladesh from any nation, development bank or donor agency.

The agreement was signed on August 7 when Indian Finance Minister Pranab Mukherjee came to Dhaka.

The main terms and conditions of the deal include 1.75 percent interest (fixed) per annum, 0.5 percent commitment fee on unutilised credit after 12 months from the date of contract approval, and 20 years' repayment period with a grace period of five years.



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