

Call for overhaul of archaic forex law

STAR BUSINESS REPORT

Commerce Minister Faruk Khan yesterday agreed with businessmen, bankers and experts to change the decades-old Foreign Exchange Regulation Act (FERA) immediately to tap the growth potential of the country.

The minister and the businessmen said unanimously that FERA is affecting the country's economic growth.

Khan said he finds no reason why Bangladeshi entrepreneurs cannot invest in other countries for their business expansion.

"Our entrepreneurs have the capacity to invest in other countries. I'll bring the issue to the prime minister's notice," said the minister while addressing a dialogue on new foreign exchange regulations to facilitate trade and investment held at Bangabandhu International Conference Centre.

The International Chamber of Commerce Bangladesh (ICCB) organised the dialogue, chaired by its President Mahbubur Rahman. Mamun Rashid, chairman of the ICCB standing committee on banking technique and practices, presented a keynote paper.

Experts, top businessmen and bankers who took part in the discussion demanded immediate reforms to the FERA that was passed by the British government in 1947 when there was no internet, online transactions and



From left, Mamun Rashid, chairman of an ICCB standing committee; Mahbubur Rahman, president of International Chamber of Commerce, Bangladesh (ICCB); Faruk Khan, commerce minister; Annisul Huq, Saarc chamber president, and Amjad Khan Chowdhury, president of Metropolitan Chamber of Commerce and Industry; attend the ICC Dialogue on New Foreign Exchange Regulations in Dhaka yesterday.

back-to-back LC.

The law regulates the country's payments, dealings in foreign exchange and securities and the import and export of currency and bullion. Though India and Pakistan have brought significant changes to the law, Bangladesh is still hanging on to the archaic legal instrument.

Eminent lawyer barrister Rafique ul Haque said the existing laws focus on protecting foreign exchange, not on facilitation of business.

"This attitude needs to be changed. It is high time that the law is amended," said Haque. "Someone must take the responsibility."

He, however, was sorry not to see any representative of the Bangladesh Bank and finance ministry who are the main stakeholders in formulation of these laws and their implementation.

ICCB chief Mahbubur Rahman said it is essential to have the law reformed in such a way that it becomes user-friendly and helps the growth and development of

the economy.

"The law should allow the Bangladeshi investors to set up industries and offices abroad for expansion of their business," said Rahman.

Amjad Khan Chowdhury, president of Metropolitan Chamber of Commerce and Industry, said the old FERA is holding Bangladesh's economy back. He criticised the central bank for not allowing capital account convertibility.

"The country's food deficiency can be addressed by pro-

ducing grains in foreign lands, such as India," said Chowdhury.

Former president of the Federation of Bangladesh Chambers of Commerce and Industry Annisul Huq said provisions of the FERA such as discounting, bill of entry and convertibility are real troubles for businessmen.

Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association, said he is confused about how much foreign currency a businessman can carry. He asked the government to standardise the law.

Former chairman of the National Board of Revenue Abdul Mazid said context is a vital issue for formulation of a law. "FERA was formulated considering the 1947 realities and context," he said.

Zahid Hossain, a senior World Bank official, said Bangladesh has achieved tremendous success in exports and remittances despite constraints in the FERA. He said the country could have gained more with an updated relevant law.

"The 1947 FERA needs to be revamped totally," said Helal Ahmed Chowdhury, managing director of Pubali Bank.

Mamun Rashid said Bangladesh is exhausted with the changes it brought from time to time through circulars in the FERA. Now a total revision is needed, he added.

Senior StanChart official in Dhaka

STAR BUSINESS DESK

PK Medappa, group head of human resources for consumer banking of Standard Chartered Bank, arrived in Dhaka for a three-day official visit to meet various stakeholders of the bank.

During his visit, Medappa will focus on providing advice to the consumer banking senior management on employee engagement, organisation structuring and human capital deployment, said a statement.

Medappa is responsible for the management of human resource processes of the bank. He joined Standard Chartered in 1991, and was appointed in his current position in July 2008.



Dhaka chamber urges more UAE investment

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Dhaka Chamber of Commerce and Industry (DCCI) yesterday urged the visiting UAE business delegates to invest more in Bangladesh, as the country provides different facilities to foreign investors, including tax rebate, royalty payment and technical fees.

"The UAE entrepreneurs can explore the business and investment opportunities of Bangladesh by utilising tax holiday and royalty payment facility," said Asif Ibrahim, president of the chamber.

Ibrahim made the remarks while addressing a business meeting between DCCI and Ras Al Khaimah Investment Authority (RAKIA) of UAE on investment opportunities at the chamber's auditorium in Dhaka recently.

In its recent investment analysis, RAKIA, a state organisation responsible for investment all over the world, identified Bangladesh as one of the most valuable investment destinations, said Ibrahim.

In respect of foreign investment in thrust sectors, SME investors will get the preference in case of plot allotment in BSCIC Industrial Area/economic zones, he added.

The DCCI president also requested the UAE businesses to invest in the development of Mongla Port.

The UAE business delegates called upon the Bangladeshi entrepreneurs to invest in manufacturing, real-estate, tourism, agriculture, transportation, hospital, and education sectors of their country.

Peter Schuster, general manager of RAK Offshore, said an investor can enjoy zero income tax, zero personal tax, zero corporate tax, VAT exemption and low manufacturing cost facilities in UAE.

Stocks pass sixth volatile week

STAR BUSINESS REPORT



Dhaka stocks passed another restive and volatile week for six weeks as a relentless downside continued on the bourses despite a declaration by state enterprises of floating a 'joint fund'.

The benchmark general index of Dhaka Stock Exchange (DGEN) shed 372 points, or 6.4 percent, to close at 5,428 points. The DSE general index lost 125 points in the previous week.

The DSE general index had lost 309 points on Wednesday as the investors including institutional ones went for panic selling of shares anticipation another stock market crash.

The DGEN has been experiencing extreme volatility for the past couple of months due to low confidence and liquidity crunch.

Market insiders said most of the investors decided to leave the market after recouping part of their losses.

Institutional and small investors faced a credit crisis as they did not have the necessary buying power to stabilise the market, said insiders.

The closing day of the week witnessed active participation of the state owned companies and most of the merchant banks refraining from 'forced sales' helped the DGEN.

Khondokar Tanveer Ahmed, a retail investor, said the ICB should make it clear to the investors about their estimated volume of fund.

Md Fayekuzzaman, managing director of Investment Corporation of Bangladesh (ICB), said the amount of fund was not fixed yet, but it will be a 'joint fund'. The government is keen to bring back normalcy to the market, he said.

Most of the major financial sector players were visibly the big losers. Banks and NBFIs lost 7.09 percent and 10.39 percent respectively while general and life insurers lost 8.80 percent and 7.11 percent respectively.

Of other major sectors, telecommunication, pharmaceuticals and cement lost 6.23 percent, 4.44 percent and 7.22 percent respectively. However, the losses in fuel and power and tannery were relatively milder at 0.36 percent and 1.98 percent.

The DSE lost 5.10 percent from the total market capitalization but stakeholders claimed that the market will regain its rhythm within a few days, said a stockbroker.

Of the total 260 issues traded on the DSE floor, 228 advanced and 32 declined.

The daily average turnover at the DSE during the week was Tk 503 crore, while the average price earnings ratio of the market was 18.50.

Beximco topped the turnover leaders of the week with Tk 578 crore traded. The other turnover leaders were Bextex, People's Leasing and Financial Services, Bay Leasing and Investment, Prime Finance and Investment, Grameenphone, Titas Gas, Southeast Bank, LankaBangla Finance and Union Capital.

Asia Insurance was the biggest gainer of the week, posting 16.99 percent rise in its share price, while Eastern Bank was the worst loser, slumping by 48.76 percent.



Shafiul Islam (Kamal), chairman of Navana Group, and Otto Kopietzki, president emeritus of Generator Brand KOHLER USA, attend the launch of the new logo of Navana Power at The Westin Dhaka on March 1.

Alitalia to cut jobs

AFP, Milan

Italian airline Alitalia reached an agreement with unions on Friday to cut up to 700 jobs on a voluntary basis, sources at the airline told AFP. Alitalia employs around 14,000 people.

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