

Iran keen to expand bilateral trade

STAR BUSINESS REPORT

Iran expressed its interest to expand bilateral trade with Bangladesh in agriculture, power, ICT, banking and health sectors.

The two countries have many potential sectors, where mutual cooperation is needed to boost bilateral trade, said Mehdi Ghazanfari, Iranian minister for industry, mining and trade.

Ghazanfari spoke at a press briefing after the fifth session of the Joint Economic Commission between Bangladesh and Iran governments, at the Planning Commission in the capital yesterday.

He is leading a 31-member Iranian delegation in the two-day meeting where Finance Minister AMA Muhith heads the Bangladesh side.

Muhith said both the parties have identified some common potential sectors of expanding bilateral trade. He said Bangladesh plans to import liquefied natural

gas (LNG) from Iran.

"We will export LNG if Bangladesh wants," the Iranian minister said.

In 2009, Iran proposed Bangladesh to join the Iran-Pakistan-India (IPI) connection to import LNG gas from Iran. But Bangladesh did not respond to the call then.

IPI connection is aimed at transferring gas from Iran's South Pars fields in the Persian Gulf to Pakistan's major cities of Karachi and Multan and then further to Delhi, India, with an estimated cost of \$7 billion.

"We want to develop an alternative banking channel through a third country to boost trade and export," Ghazanfari said.

Both the countries agreed to form a joint business council comprising members of the business community and private sector representatives, Economic Relations Division said in a statement yesterday.

Iran expressed their readiness to export rail passenger coaches and locomotives to Bangladesh, accord-

ing to the statement.

"They also said about their readiness for signing an MoU on sister port relationship between Chittagong port and Shahid Rajae Port of Iran. Both parties have agreed to renew the existing air transportation agreement."

Top officials from the respective ministries, divisions, agencies and private sector representatives of the two countries took part in different sessions of the meeting.

During 2010-11, Bangladesh exported goods worth \$97.15 million to Iran and imported goods worth \$63 million.

In July-Feb period of the current fiscal year, Bangladesh exported goods worth \$46.64 million while imports during July-January stood at \$5.10 million.

Bangladesh's exports to Iran mainly include jute, oil seeds, pharmaceuticals, kitchenware, plastics, vegetables, textile fibres, paper yarn, woven fabric, electronic equipment and stainless steel blade.

Banks' donation for Rana Plaza victims

NAME OF BANKS	TAKA IN CRORE
AB	2
Bank Asia	2
Dutch-Bangla	11.27
Dhaka	1
Eastern	2
EXIM	5
First Security	2
Islami Bank	5
Jamuna	2
Mercantile	2
Mutual Trust	1
National	10
NCC	2
Premier	1
Prime	1
Pubali	2
Shahjalal Islami	2
Southeast	2
Standard	5
Trust	2

STAR BUSINESS DESK

The country's private banks have recently donated Tk 80 crore for the victims of Rana Plaza that collapsed on April 24 killing 1,127 garment workers.

They handed the funds to the Prime Minister's Relief and Welfare Fund through Bangladesh Association of Banks, a platform of bank owners.

Md Nazrul Islam Mazumder, chairman of the association, presented the amount through a cheque to Prime Minister Sheikh Hasina at a ceremony at her office on Tuesday, the association said in a statement.

All members of the association, including three new banks, contributed to the fund.

Mazumder said this is the single largest donation on part of the private banks in the history of Bangladesh.



CITI

Rashed Maqsood, country officer of Citi Bangladesh, presents a cheque for Tk 16.37 lakh to Valerie Ann Taylor, founder of the Centre for Rehabilitation of the Paralysed (CRP), at the latter's head office in Savar recently. Md Shafi-ul Islam, executive director of CRP, was also present.

NCC Bank ready to launch mobile banking

STAR BUSINESS REPORT

National Credit and Commerce Bank is all set to introduce its mobile banking -- NCCB Sure Cash -- on Sunday.

The private bank has already put in place SMS and internet banking to expand its services to customers.

The announcement came ahead of the bank's 20th founding anniversary to be celebrated today.

NCC Bank Chairman Nurun Newaz Selim and Managing Director Mohammad Nurul Amin spoke at the event.

The bank has signed agreements with 34 money transfer companies in different countries to strengthen remittance flow.

Questions over changes to labour law

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"Some factories have upwards of 40,000 workers -- it would be almost impossible to assemble that many workers in one place to take their consent on trade union." Besides, workers within the factory will only be eligible for the position of union leaders, he said.

"These provisions -- all of which prevent formation of union freely -- go against ILO Convention 87," said Bhuiyan, also the vice-chairman of Bangladesh Institute of Labour Studies, an apex body of labour unions.

Bhuiyan's comments came at a press briefing organised by Sramik Karmochari Oikya Parishad (SKOP) at the JSD office in the city.

Labour leaders said the proposed law has also curtailed the service entitlements of workers.

In the earlier labour law, a worker in a private organisation was eligible, after completion of one year's service, to receive one month's basic salary for each year of service, said Amirul Huq, general secretary of National Garments Workers Federation leader.

But, in the proposed amendment, a worker will get one and a half month's basic salary as gratuity for each year after the completion of 12 years of service, he said.

"This provision will benefit mainly the garment owners, as the worker migration rate is very high in the garment sector," Bhuiyan said.

"Very few employees work for a garment factory for more than 12 years," he added.

Labour leaders said the draft amendment also stipulates withdrawal of some existing facilities for workers, like sharing 5 percent of profits. Instead, it now stipulates transferring the money to welfare funds.

They said the provision to bring errant garment owners to book, including jail-term punishment, has also been deleted in the new law.

The labour leaders called for a new clause that would let the court give six months' jail sentence for unscrupulous behaviour on the part of garment owners.

Shirin Akhter, president of Jatiya Shromik Jote-Bangladesh, said the draft labour law has many loopholes, which need to be addressed for the best interests of workers.

The labour leaders also decided to organise a rally in front of the National Press Club on May 31, to voice their displeasure against the proposed amendment.

SKOP represents around 85 percent of the country's workers, with 14 national workers' organisations being its members.

Govt halves SIM tax and VAT on 3G spectrum

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The government cut the SIM tax to Tk 600 from Tk 800 in the last budget. Finance Minister AMA Muhith also assured the telecom operators of reducing such tax earlier in March.

However, Mahmud Hossain, chief corporate officer of Grameenphone, said, "We have not yet received any official communication, and thus are unable to comment."

"But if the tax reduction does happen, it will fast track the growth of the telecom sector and enable faster penetration into rural Bangladesh," he said.

"We, however, expected the government to reduce VAT and tax over the whole mobile industry, not just on 3G frequency charges."



LINDE

Ayub Quadri, chairman of Linde Bangladesh, attends the 40th annual general meeting of the company at the Officer's Club in Dhaka yesterday. The company approved a final dividend of 110 percent for 2012, and earlier paid an interim dividend of 200 percent. Latifur Rahman, director, was also present.

FBCCI demands cuts in corporate tax

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"For the last several months an evil design to stage anarchy in the country has put me into a hard time in preparing the budget," Muhith said about the June 6 budget.

Muhith also said the next budget would not be an ambitious one.

On the FBCCI's call to allow whitening of black money without any fine, he said the scope for whitening money, which already exists in the current budget, is internationally recognised, but one must pay fine to do that. The habit of tax evasion will come down when the new VAT act comes into effect in 2015, the minister said.

Muhith also said there is no reason for concern about the government initiative to implement the Padma bridge project with domestic resources.

"Tk 5,000 crore will be allocated for the project from the incremental growth in revenue earnings," he said, adding that allocations for other ministries would not suffer for that.

Referring to the demands of lowering the tax and VAT rates by various business leaders, Muhith said the tax-GDP ratio in Bangladesh is the lowest in this region and perhaps the lowest in the world.

"When we've assumed office, the tax-GDP ratio was less than 10 percent, but now it reaches 13.4 percent," he added.

Industries Minister Dilip Barua said there should always be consistency in tariff structure so entrepreneurs and industrialists do not face troubles after setting up new ventures.

The FBCCI president said the revenue generation efforts could face problems if the pre-inspection system is scrapped by June 30, as planned, without ensuring a valuation database. So, the system should be phased out gradually, he added.

Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, called upon the government to

allocate a fund of Tk 300 crore at 5 percent interest rate so garment makers, who run their factories on rented buildings, can make their own buildings.

Akram Hossain, a former president of the FBCCI, said the country needs to devise a long-term plan to bring black money into the formal economy.

AK Azad, president of Bangladesh Chamber of Industries, said the government should set up special economic zones. Otherwise, tragedies like Rana Plaza building collapse would continue to take place.

Jahangir Alamin, president of Bangladesh Textile Mills Association, said there should be 10 percent incentives for manufacturers who use effluent treatment plants.

Jashim Uddin, a former vice president of the FBCCI, said the 15 percent value added tax on toys industry should be abolished to help the local makers compete with their Chinese counterparts.

Sabur Khan, president of Dhaka Chamber of Commerce and Industry, urged the government to give tax exemption benefits to new entrepreneurs for the first three years of their business.

Mohammad Hatem, vice president of Bangladesh Knitwear Manufacturers and Exporters Association, said incentives for entering new export markets should continue for another three years and the rate should be raised to 5 percent from 2 percent.

Syed Almas Kabir, vice president of Bangladesh Association of Software and Information Services, said the 15 percent VAT on internet use should go. The VAT on the transactions using e-commerce should also be withdrawn to promote e-commerce.

He called for VAT automation, saying such modernisation of the process could help the country earn Tk 250 crore more as VAT.

NBR Chairman Ghulam Hussain moderated the meeting.



ROBI

Michael Kuehner, chief executive of Robi Axiata, poses with the participants of the "GSMA second Green Power for Mobile Bangladesh specific Working Group", hosted by GSMA and Robi Axiata in Dhaka recently.

Minister makes commitment for worker safety

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Within a year or so, Bangladesh's trading partners would see a positive change in its factories and find those as compliant with the required standards, she hoped.

Crowley, who is also the co-chair of Bangladesh Caucus in the US Congress, thanked Dipu Moni for the helpful update on Bangladesh government's initiatives.

He enquired about the status of the cases filed against certain labour leaders on which the Bangladesh minister briefed him. He said he would share the information with his other colleagues in the US Congress.

Bangladesh Ambassador to the USA Akramul Qader, Lawmaker Saifuzzaman Chowdhury and senior foreign ministry officials were also present. On the same day, a three-member delegation of American Apparel and Footwear Association, led by its President and CEO Kevin M Burke, called on Dipu Moni at her hotel suite.

Burke said the international buyers have been closely monitoring Bangladesh's responses to address the factory safety issue. The association's leaders said the agreement lately signed by the retailers sourcing from Bangladesh was a timely move.

BTRC to alter transmission network licensing

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The proposed amendment has been approved by the commission and is now waiting on the green signal from the telecom ministry. Moynul Hoque Siddique, managing director of Fiber@Home, said the amendment goes against the terms and conditions under which his company obtained the licence.

"We have spent hundreds of crores of taka to develop the network -- what will come of it now?"

"Both the NTTN licensees have met their roll-out obligations," said Arif Al Islam, chief executive officer of Summit Communications.

"The telcos are the customers of the NTTNs, so when the amendment takes effect, the customers will have the licences as well -- there will be no business left for us."

black money anymore, as the provision is unethical, unfair to genuine taxpayers and encouraging of corruption.

They also requested the government to ensure tax collection from large taxpayers or industries instead of increasing the tax burden on individuals.

Specifically, they suggested increasing the ceiling of tax-free income to Tk 3 lakh, implementation of annual development programme within the fiscal year, reducing corporate tax for financial institutions including banks, non-banks and insurance companies and increasing the ceiling of tax-free dividend income to Tk 20,000.

Abdul Majid, a former chairman

GDP growth falls to four-year low

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Hassan Zaman, chief economist at Bangladesh Bank, said: "The 6 percent growth outcome is not a surprise and is very close to what Bangladesh Bank had forecast back in December."

"On one hand, it is higher than the Indian and developing country average projected growth of between 5-5.5 percent, but at the same time we know that had the domestic investment climate not deteriorated since January, we could easily have achieved our last ten years average of 6.2 percent growth."

The economist said the focus should now be on setting a realistic growth target for the fiscal year of 2013-14 in the upcoming budget and collectively ensuring the stability that is required for

investment and growth to take place.

The World Bank had said in April that weak exports and investments resulting from the impact of the euro-area crisis, domestic supply constraints and intensified strikes and unrest underpin the growth slowdown.

In the current fiscal year, the agriculture sector grew by 1.18 percent, down from 2.46 percent last year, according to the statistical agency.

The manufacturing sector lost 0.02 percentage points to grow at 9.34 percent this year. Electricity, gas and water supply made a fall, as their growth altogether declined to 8.57 percent from 12.03 percent last year.

In the services sector, the wholesale and retail trade sub-sectors saw a decline in growth by 0.94 percentage points to 4.69 percent.

The construction, transport and real estate sectors rose slightly.

Politics to figure high in budget

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"Whatever proposals on tax or revenue or other matters are made, the possible impact by numbers are not given. So, it is not possible even for a pundit to analyse the financial significance of the budget."

"In one way we are talking about the market economy, and on the other way we are also talking about the planned economy. But there is no sign of coordination between the two types of economy, even we don't know in which way we are going."

Other discussants at the programme urged the government not to allow amnesty for

of the National Board of Revenue, suggested starting the fiscal year from March or April, instead of June, in line with the country's crop season and to avoid the rainy season.

Citing the Indian fiscal year starting April 1, he said: "When the fiscal year starts in our country, 2-3 months go to waste due to rainy season and no development works could be started."

Iftekharuzzaman, executive director of Transparency International Bangladesh, said although the country has a good position in the world's "open budget index", the rank can be better with more transparency and accountability in formulating and implementing the budget.

"The defence budget still remains a grey area. We never know for which purpose or in which segment the defence budget is being used."

Faruq Ahmad Siddiqi, former chairman of Bangladesh Securities and Exchange Commission, said, in comparison to the GDP size, the tax ratio is frustrating.

"At the rate our GDP is growing, the tax payers are not increasing in line with the pace."

Humayun Kabir, former president of ICAB, moderated the discussion, also attended by Matiur Rahman, editor of Prothom Alo, Abdul Qayyum, associate editor of the newspaper, and Abdus Salam, president of ICAB.