

Accountants oppose proposed Financial Reporting Act

STAR BUSINESS REPORT

The government should not enact the proposed Financial Reporting Act 2013 as it will curb the independence of the Institute of Chartered Accountants of Bangladesh (ICAB), accounting professionals said yesterday.

"The act, if passed, will create conflicts in regulating the accountancy profession," said Abdus Salam, president of the ICAB.

"It will also disrupt the preparation of financial reporting and auditing," he said at a roundtable on the Act at Sonargaon Hotel in Dhaka.

On August 19, the cabinet approved the draft of the first-ever Financial Reporting Act mainly to set up a Financial Reporting Council to strengthen monitoring of the accountancy profession.

The ICAB, a legislative body, is not an association and currently regulates the profession of the chartered accountants, Salam said.

The 1,416-member body is particularly critical of the proposed Council.

The Council will be an 11-member body comprising the presidents of the ICAB and the Institute of Cost and Management Accountants of Bangladesh, and nine government-nominated representatives.

"The plan to set up a super regulator like the Council to do what the ICAB already does at the expense of the taxpayers' money is unnecessary and contradictory," Salam said.

Members of the ICAB also said the proposed law will allow non-chartered accountants to audit the financial reports of a company.

"People who are not chartered accountants may audit a company by virtue of section-2(11) of the Act. It is a conflicting clause with the country's existing law and unacceptable as per international rules," Salam said.

There is a provision in the Act that

requires the existing ICAB members to take registration from the Financial Reporting Council which is unreasonable, he said.

According to the rules of International Federation of Accountants, only an institute of chartered accountants can register the auditors and the ICAB has been issuing and renewing the licences accordingly.

"It will create double standards," said Humayun Kabir, a former president of the ICAB.

Only the ICAB has the statutory authority to prepare and implement the accounting and auditing standards according to the rules of International Financial Reporting Standards, and International Standards of Auditing, he said.

Kabir said the government should strengthen the monitoring of the ICAB if it really wants to improve the quality of the accountancy profession.

"Even if the government wants to implement the act, it should employ professionals at the proposed Council

instead of appointing people who don't have knowledge about the profession."

The Council would actually be a government organisation and it will have no independence, said Muhammad Abdul Mazid, a former chairman of National Board of Revenue.

It will also increase the cost of doing business in the country, and hinder foreign direct investment and joint venture efforts in the long run, Mazid said.

The ICAB should welcome the changes as the body is still deficient in a number of areas such as quality education, training and ethical standards, said Ferdous Ahmed Khan, a special assistant to the prime minister.

AF Nesaruddin, a member of the ICAB, and M Matiul Islam, chairman of Industrial and Infrastructure Development Finance Company (IIDFC) Ltd, also spoke, among others.

Advocacy group formed to speed up CSR efforts

STAR BUSINESS DESK

Management and Resources Development Initiative (MRDI) yesterday formed an advocacy group to push CSR forward to make it an alternative for development funds.

The group includes high-profile dignitaries of the academia, business arena, media and the civil society. MRDI will act as the secretariat for the advocacy group.

Though corporate social responsibility is a voluntary concept and not mandatory for a business licence, it is still essential to secure a social licence as an approval by the society from which businesses earn profit. This idea triggered business entities to embrace CSR as an operational strategy.

However, it is difficult for the companies to identify specific needs of marginalised target communities, monitor progress of work and

ensure proper use of funds, MRDI said in a statement.

The group will attempt to consolidate the sporadic CSR efforts and put them under one umbrella to ensure best use of the funds for demonstration of visible impact by involving local development organisations with good reputation and credibility.

Formed with MCCI President Rokia Afzal Rahman as chairperson in Dhaka, the group includes former caretaker government advisers Wahiduddin Mahmud, AB Mirza Mohammad Azizul Islam, and Syed Manzur Elahi; Moazzem Hossain, editor of The Financial Express; Shaheen Anam, executive director of Manusher Jonno Foundation; Hasibur Rahman, executive director of MRDI, and Hedayatul Islam Helal, team leader of Green World Communication.



Toufiq Ali, chief executive of Bangladesh International Arbitration Centre, attends the opening ceremony of a course for senior mediators, at Ruposhi Bangla Hotel in Dhaka yesterday. Andy Grossman, John Quilter and Chula Rupasingha from the Centre for Effective Dispute Resolution (CEDR) of UK will conduct the five-day course.



Winners of a recent sales promotion for retailers of Akij Food & Beverage Ltd -- Mojo-Clemao Eid Anando Uphar -- pose with electric bikes given out through scratch cards at a programme recently. Altaf Hossain, executive director for sales and marketing, handed the gifts.

Iraq to hire workers from Bangladesh

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Iraq will initially recruit 1,000 workers from Bangladesh, Expatriates Welfare and Overseas Employment Minister Khandker Mosharraf Hossain said.

The migration cost and the salary are yet to be decided, he said, while adding that the workers would be sent to Iraq under government supervision even if the recruiting agencies were to get involved in the process.

The workers would be selected from the government's database, for which around 1.5 million job aspirants registered online in January, Hossain said.

Yunus leads global effort for garment labour wages

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Prof Peter Eigen, founder of Transparency International, worked to create GITI, following the example of Extractive Industry Transparency Initiative (EITI).

The approach is set out as a joint approach of governments, factory owners, labour, the retailing companies, and the civil society in both producing and consuming countries.

GITI does not intend to compete with other efforts, but rather support these and complement their actions. Yunus Centre in Dhaka and the Humboldt-Viadrina School of Governance are jointly working on the initiative.

Yunus also explained his idea of creating social businesses to offer "Happy Workers Tags" at an additional cost of minimum 10 percent on top of the production cost. The money will be used by social businesses to deliver important social and health services for a specific period, to the specific group of workers involved in producing the tagged garments.

A six-member steering committee co-chaired by Yunus and Eigen was also created at the conference.

A formal launch has been set for October 14 in Berlin.

Private credit growth lowest in 13 years

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The central bank's monetary policy statement released in July said the credit growth slowdown is partly due to sluggish investment demand in the lead up to the national elections and tighter lending practices by banks.

Also there emerged two new channels through which entrepreneurs can access overseas lenders, including existing term borrowing from the external sector, the BB said.

One existing channel is borrowing by local firms for term credit purpose with most having a maturity beyond five years -- around \$1.48 billion was approved in fiscal 2013 compared with \$1 billion a year ago.

Private capital flows to the local companies have also grown due to the addition of short-term foreign currency loan for working capital purpose.

These newly introduced facilities in the form of 'buyer credit', which importers can enjoy with a tenure of up to one year, and 'discounted export bills' have led to a \$784 million inflow during the July-May period of fiscal 2013, the BB said.

A central bank official said, if foreign borrowing is included, the private sector credit growth will increase by more than 1 percentage point.

Frequent shutdowns and political violence in the first half of the year have dented confidence of the investors who are still following a wait-and-see policy, he said.

Bangladesh's import increases every year but the volume of such trade dropped by 4.36 percent last fiscal year, the official said.

Capital machinery import fell by 15.85 percent last year and that of industrial raw materials by 2.50 percent, according to LC (letter of credit) settlement statistics of the central bank.

Officials at some private and state banks said a number of banking scams were detected in 2012 and the BB, for the first time, identified those as criminal offences and referred to the Anti-Corruption Commission.

The anti-graft body interrogated officials of both public and private banks on suspicion of their involvement in the irregularities.

As a result, the bank officials became overcautious in granting loans, an official of Sonali Bank said.

The BB also cut the credit growth targets, by 8 percent to 12 percent, of five state banks who disburse a big chunk of the total credit.

Minister plays down political fallout on investment

STAR BUSINESS REPORT

Investors from abroad need not worry about the precarious political situation as all parties want to safeguard foreign investment for the sake of the economy, Commerce Minister GM Quader said yesterday.

"People are apprehensive about political stability. But I can guarantee that we will always try to protect foreign investment -- and other governments, too, would do the same."

Quader's comment came at a seminar organised by Bangladesh Foreign Trade Institute, Bangladesh Garment Manufacturers and Exporters Association and Canadian High Commission at the capital's Sonargaon Hotel.

"Bangladesh on the whole is a good investment destination and a change in regime will not alter the fact," he said, while inviting Canadian companies to invest.

The minister said that confrontational politics over the past six months did not cause that much damage, as suggested by the record growth in exports in July. Exports last month grew 24 percent year-on-year to \$3.02 bil-

lion.

"Somehow, we could manage it -- we delivered the products mostly on time. Despite all these hurdles, Bangladesh will continue to move forward."

He added that Bangladesh has vast scope to expand its trading partners as its exports at present go mainly to four major destinations -- US, European Union, Canada and Japan.

Heather Cruden, Canadian High Commissioner to Bangladesh, urged the government to reject political violence as the current situation is left some Canadian companies pondering whether they should move out of Bangladesh.

"This could be very damaging in the medium- and long-term."

The envoy also expressed concerns about the working conditions in the country's RMG industry, while citing the twin industrial accident of Tazreen fire and Rana Plaza collapse.

Canada is the sixth largest export destination of Bangladeshi products and 19th largest import source. The value of bilateral trade has increased from \$40 million in 2003 to 1.65 billion in 2012.

Software export crosses \$100m

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It is a milestone achievement for the country's ICT sector, said AKM Fahim Mashroor, president of Bangladesh Association of Software and Information Services (BASIS).

If the current export flow continues,

software export will cross \$1 billion by 2021, he said at a programme to celebrate the occasion of the record breaking export, at Ruposhi Bangla Hotel in the city, according to a statement of BASIS.

NTTN operators should utilise untapped potential

Analysts discuss countrywide internet connectivity

STAR BUSINESS REPORT

The telecom sector will see robust infrastructure development if the country can make best use of its current resources, BTRC Chairman Sunil Kanti Bose said yesterday.

The government will use a scheme known as the universal service fund--formed with 1 percent of mobile operators' revenues--to finance telecom infrastructure projects launched under public private partnership (PPP), he said.

The network infrastructure of the state-owned Bangladesh Telecommunications Company Ltd (BTCL) can be used for projects under public private partnership, said Bose, chief of Bangladesh Telecommunication Regulatory Commission.

The government will issue new licences to the operators of National Telecom Transmission Network (NTTN) responsible for providing transmission services, so people can get quality services from voice or data operators, he said.

Bose spoke at a seminar on "Nationwide backbone connectivity: policy issues", at Ruposhi Bangla Hotel in the capital.

Asia Foundation, a development organisation, and Bangladesh Association of Software and Information Services (BASIS), ICT trade body, jointly organised the event.

Discussants of the seminar, including policymakers, regulators, operators and academics, stressed the need for finding ways to expand internet services.

The transmission lines of more than 18,000 kilometres of private and public operators cover all districts, most upazilas and some union parishads, said M Rokonzaman, a professor at the Independent University of Bangladesh.

He raised questions on why BTCL failed to

support the telecom industry with its largest network of 5,000 kilometres.

BTCL may not have the efficiency to manage the network, but its resources can be used by taking different measures, said Abubakar Siddique, telecom secretary.

"We are ready to provide you (the operators) all the support. We as public organisations have developed our network better than the private organisations," said Siddique, who is also the chairman of BTCL.

The PPP concept has not yet been utilised properly in the country, said Jamilur Reza Choudhury, vice-chancellor of University of Asia Pacific and the moderator of the seminar.

"We do not have business opportunities in other areas except Dhaka and Chittagong. We are now moving to other areas also," said Arif Al Islam, managing director of Summit Communications, an NTTN operator.

To find new business opportunities, the NTTN operators should go to the 189 upazilas where there is no fibre connectivity, said Colonel Zakir Hossain, director general of BTRC.

People in rural areas need broadband services more than the ones in urban areas, so they can enjoy different government services, he said.

"We want to connect all the schools, colleges and hospitals with broadband," said Anir Chowdhury, adviser of the Access to Information project of the Prime Minister's Office.

Grameenphone has wireless network in 3,545 union parishads and fibre network in 198 upazilas, said Munir Hasan, director for corporate affairs of the mobile operator.

At the same seminar, AKM Fahim Mashroor, president of BASIS, presented another keynote paper on mobile apps and policy issues.



Md Nazrul Islam Mazumder, chairman of Exim Bank, attends the bank's 14th annual general meeting at Bashundhara Convention Centre in Dhaka recently. The bank announced 10 percent stock dividends for 2012. Mohammed Haider Ali Miah, managing director, was also present.



Sukamal Sinha Choudhury, general manager of Bangladesh Bank, and Dewan Mujibur Rahman, managing director of NRB Commercial Bank (NRBCB), attend the signing of an agreement for the banking regulator to refinance NRBCB's finance of agro processing industries in suburban/rural areas recently.