

জীবনে প্রয়োজন
আরো বেশি স্বাস্থ্য

সর্বাধুনিক প্রযুক্তি সম্বলিত ব্যাংকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুস্বস্ত।

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ইমলারী শরীআহ'র মদারাবা নীতির ভিত্তিতে পরিকল্পিত



Star BUSINESS

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Corruption still a serious impediment to investment

US report on Bangladesh investment climate says

STAR BUSINESS REPORT

Corruption still remains a serious impediment to investment and economic growth in Bangladesh, according to a report by the US Department of State.

"Corruption is common in public procurement, tax and customs collection, and regulatory authorities. Corruption, including bribery, raises the costs and risks of doing business."

The American Chamber of Commerce, Bangladesh (AmCham) released the report -- Investment Climate Statement 2015 -- at the chamber's monthly luncheon meeting at Sonargaon Hotel in Dhaka yesterday.

By some estimates, off-the-record payments by firms may result in an annual reduction of 2 percent to 3 percent of gross domestic product, the report said.

Corruption has a corrosive impact on the broader business climate

MAJOR IMPEDIMENTS TO FDI

- Corruption
- Bureaucratic delays
- Financial constraints
- Inadequate infrastructure
- Political violence
- Lack of alternative dispute resolution
- Stringent laws

market and opportunities for the US companies in Bangladesh.

Corruption deters investment, stifles economic growth and development, distorts prices, and undermines the rule of law, the US report said.

While this raised concerns about a short-term effect on the business and investment climate, growth forecasts for 2015 remain above 6 percent.

The efforts to ease public procurement rules and a recent constitutional amendment that reduced the independence of the Anti-Corruption Commission may undermine institutional safeguards against corruption, it said.

There was significant political violence and uncertainty during the first quarter of 2015 following the one year anniversary of the national elections held in January 2014.

Clashes between supporters of rival political parties and their student and youth wings and even factions within the same party are frequent occurrences, particularly in the run-up to elections.

General strikes and blockades called by political parties mostly affect businesses by keeping workers away with the threat of violence and blocking transport, resulting in increased costs and productivity losses.

The US also said some laws have been affecting foreign direct investment in Bangladesh. These include the Foreign Private Investment (Promotion and Protection) Act of 1980, the Bangladesh Export Processing Zones Authority Act of 1980, the Companies Act of 1994, the Telecommunications Act of 2001, the Industrial Policy Act of 2005, and the Bangladesh Economic Zones Act 2010.

Land registration has historically been prone to disputes over competing titles, and scarcity of land is a significant investment constraint, the report said.

The lack of effective alternative dispute resolution mechanisms and slow judicial processes impede the enforcement of contracts and the resolution of business disputes.

With more than 6 percent annual growth sustained over the past two and a half decades, a large, young and hard-working workforce has good potential to be an ideal investment destination for foreigners.

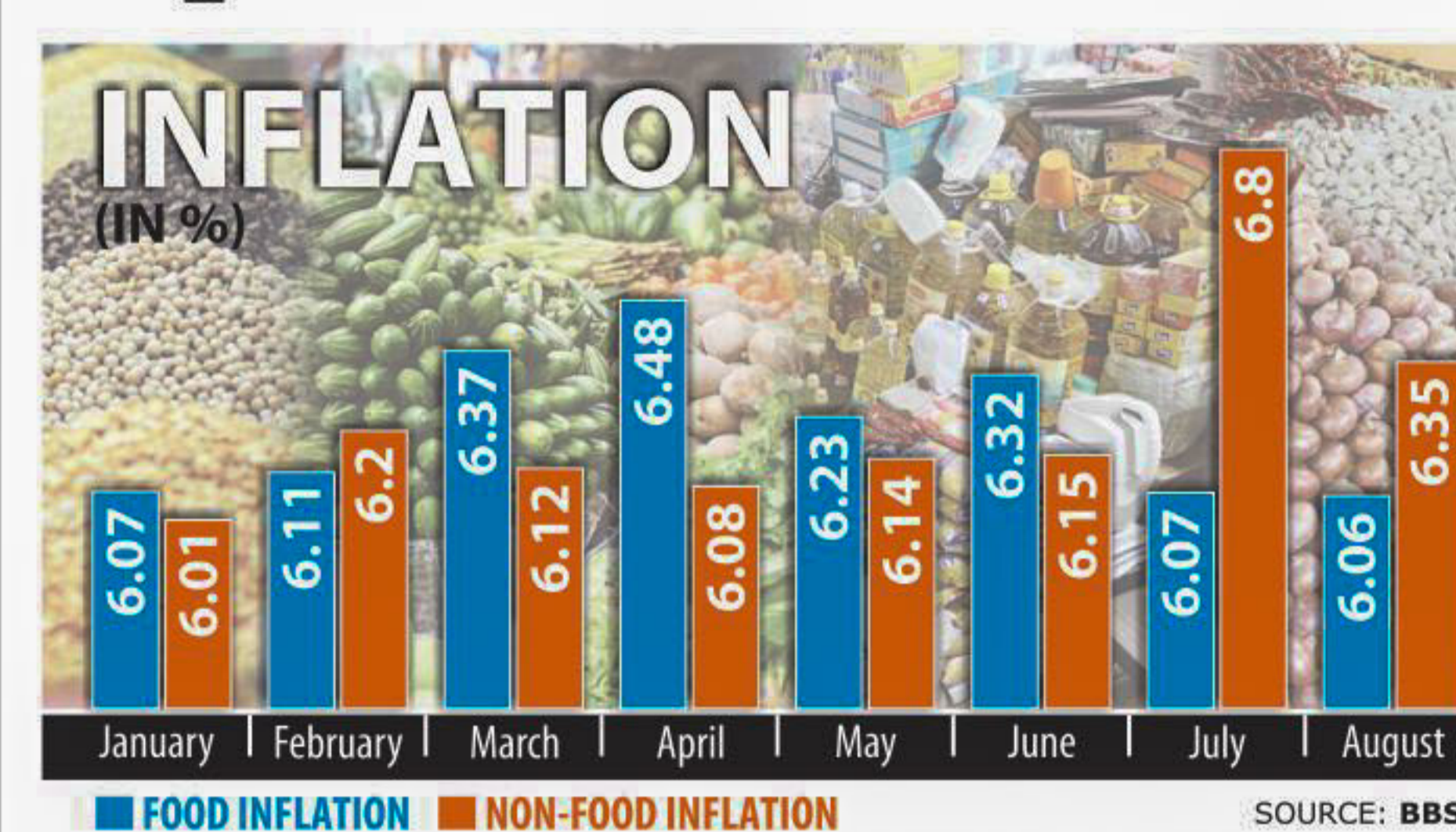
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Inflation slows on tepid demand



STAR BUSINESS REPORT

Inflation slowed by 0.19 percentage points to 6.17 percent in August from the previous month mainly due to a fall in consumer demand after Eid-ul-Fitr.

Non-food inflation slowed by 0.45 percentage points to 6.35 percent in August from July, although it was gradually rising since May and rose 0.65 percentage points month-on-month to 6.8 percent in July.

Low rice prices in domestic markets and low edible oil and sugar prices in international markets have cooled down consumer prices, Planning Minister AHM Mustafa Kamal told reporters at his ministry while releasing the data yesterday.

Inflation has slowed largely because of a decline in non-food inflation, said Zahid Hussain, lead economist of the World Bank in Dhaka. "This is good news because non-food inflation had risen in July before fall-

ing in August.

"Weaker domestic demand following the Eid festival, stable international commodity prices and nominal exchange rate together with a cautious monetary policy stance are likely to have contributed to the softening of non-food inflation in August."

However, in August, the price of various food items such as onions, green chillies and other vegetables rose due to monsoon rains.

Food inflation slowed 0.1 percentage point month-on-month to 6.06 percent in August, according to Bangladesh Bureau of Statistics.

The prices of rice mainly control the inflation index while edible oil and sugar also have a great impact, according to the minister.

The contribution of vegetables, such as green chilli, is negligible in inflation, he said, adding that if the prices of these commodities go up, they do not have much of an impact on the consumer price index.

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Maiden census on technical education schools begins

STAR BUSINESS REPORT

The government has begun the first-of-its-kind census on institutions providing technical and vocational education and trainings to find out the real scenario of their activities and the challenges they face.

The Technical and Vocational Education and Training (TVET) Institutions Census 2015 that started on Tuesday will be completed by December with the publication of a report, Planning Minister AHM Mustafa Kamal said.

He spoke while announcing the initiative at a media briefing at his office in Dhaka yesterday.

Bangladesh Bureau of Statistics and the National Skills Development Council under the labour ministry will conduct the census.

The objective of the census is to know the type of institutions, ownership, curriculum, number of teachers, trainers and students, lab and workshop facilities, internship facilities, employment opportunities and challenges confronted by the institutions.

On the basis of the findings, a database will be prepared and steps will be taken to improve the TVET institutions, officials said.

The database will help take up right policy decisions and help improve the infrastructural facilities of the institutions, they said.

The TVET project, a government initiative, is assisted by the International Labour Organisation and funded by the European Union.

Apparel exports to Turkey drop

REFAYET ULLAH MIRDHA

Garment exports to Turkey, a promising destination for Bangladeshi apparel, fell 21.58 percent last fiscal year mainly due to exorbitant duties slapped by the nation and the devaluation of the euro.

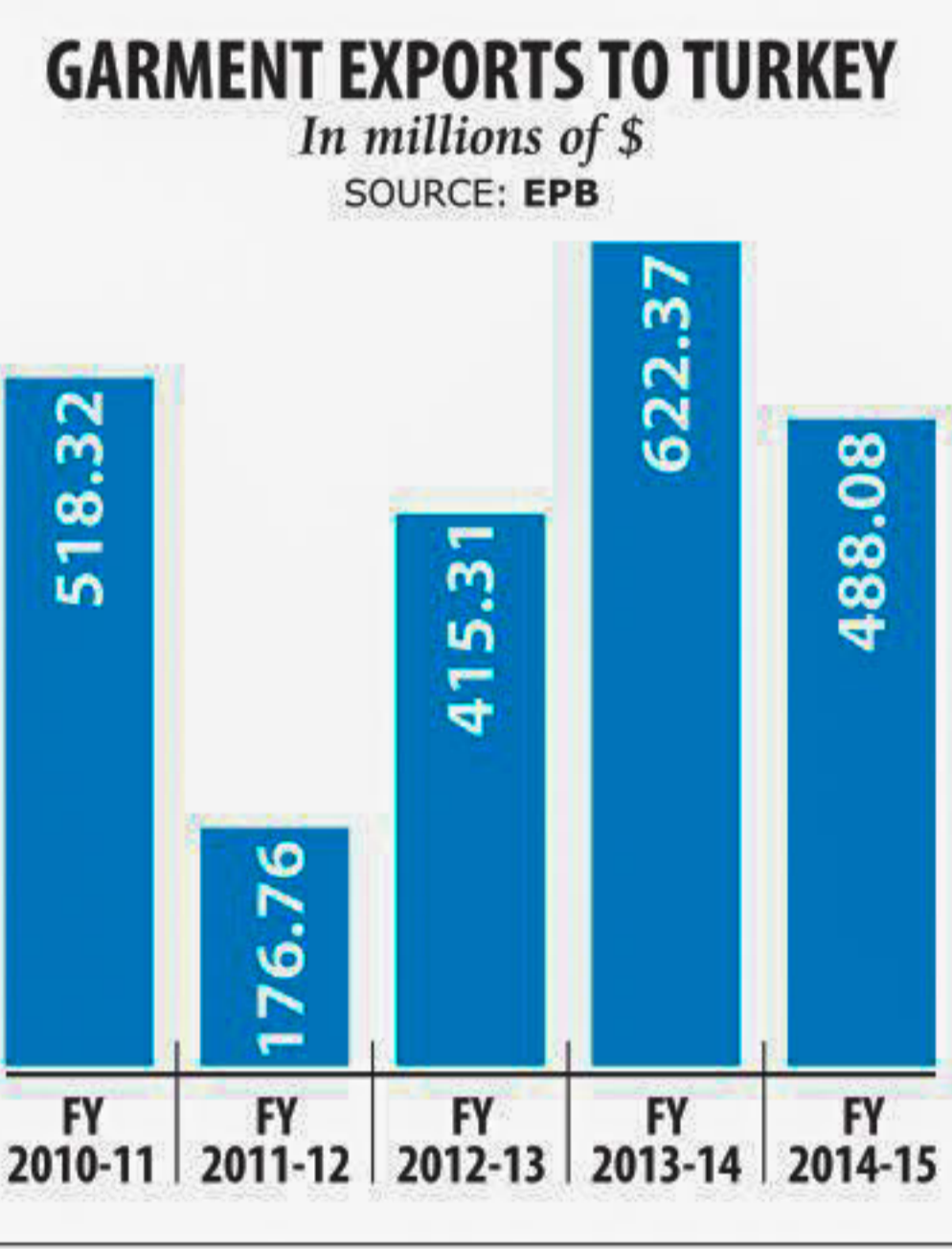
Shipment dropped to \$488.08 million in fiscal 2014-15, from \$622.37 million in the previous year, according to Export Promotion Bureau.

Bangladesh's garment exports to Turkey were rising fast even a few years ago because of a zero-duty benefit.

Turkey imposed a 17.5 percent duty on apparel imports from least developed countries in 2011 to safeguard its local industry.

Being an LDC, Bangladesh's garment exports to Turkey have begun declining since then.

Prior to the imposition of the duty, Turkish importers used to purchase Bangladeshi garments in bulk and re-brand the goods with new logos to export those to Russia, Bangladeshi exporters said.



The demand for Bangladeshi T-shirts, shirts, trousers and sweaters is still high in Turkey due to competitive prices, they said.

"In addition to the duties, the devaluation of the euro against the taka is another reason behind the decline in export value," said Reza-bin-Mahmood, vice-president of Bangladesh Garment Manufacturers and Exporters Association.

Bangladesh on several occasions requested the Turkish government to remove the duties, but it did not happen ultimately, said Mohammad Hatem, a former vice-president of Bangladesh Knitwear Manufacturers and Exporters Association.

"Turkey is still a very promising destination for us, although the country is a major player in global apparel trade," he said.

Simtex to begin IPO subscription

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission or BSEC yesterday allowed Simtex Industries to start its initial public offering subscription on September 6 which will continue until September 14.

Earlier on August 23, BSEC had postponed the IPO subscription of Simtex, seeking further clarification on the issue.

The permission came at yesterday's meeting after the stockmarket regulator received satisfactory explanations from Simtex, BSEC said in a statement.

The company will raise Tk 60 crore from the public by issuing three crore ordinary shares of Tk 10 each, with an additional Tk 10 as premium.

In another move, the BSEC allowed IDLC Finance to raise Tk 500 crore by issuing infrastructure and SME zero-coupon bonds.

The regulator also fined Western Securities Investment Management and Island Securities Tk 10 lakh and Tk 2 lakh respectively for violating securities rules.

Second verdict on 1996 share scam set for Sept 13

SARWAR A CHOWDHURY

The special tribunal for capital market lawsuits is likely to deliver a verdict on September 13 in another case on the much-hyped 1996 share market scam.

It will be the second judgment in one of the 15 cases filed over the scam nearly 20 years ago, when millions of investors went broke.

This case involves Premium Securities and its then chairman A Rouf Chowdhury, managing director Moshir Rahman, and directors Syed H Chowdhury and Onu Zaigirda, who are all on the run.

Judge Humayun Kabir set the verdict date after completing the hearing on the case yesterday, said Masud Rana Khan, a lawyer for Bangladesh Securities and Exchange Commission.

The BSEC filed the case against Premium Securities and its directors in 1997 on charges of selling different companies' shares by violating securities rules in 1996.

The regulator also filed another 14 cases against 34 individuals, eight listed companies and five brokerage firms on charges of manipulating share prices through fraudulent means in the same year.

Of the cases, 12 were stayed by the higher courts, and proceedings of only three cases had been continuing in the special tribunal, which gave the first verdict in one of the cases on Monday last.

In the maiden judgment, the tribunal sentenced two directors of Chic Tex to four years in prison for their involvement in price manipulation, and also fined them Tk 30 lakh each. In case of failure to pay, they will have to serve another six months in jail.

GP, Robi face audits

Govt says telecom operators must foot Tk 15.5cr bill

MUHAMMAD ZAHIDUL ISLAM

The telecom regulator is in the last stage of appointing financial and technical auditors to mobile operators Grameenphone and Robi as it has selected the audit firms.

The audits will cost Grameenphone Tk 8 crore and Robi Tk 7.5 crore, which will have to be borne by the companies in a departure from the previous decision.

Bangladesh Telecommunication Regulatory Commission had originally agreed to pay for the financial audits of the two operators, but the government decided otherwise and later added the technical audit to the initiative.

The BTRC has selected Toha Khan Zaman & Co Chartered Accountants for Grameenphone and Masih Muhith Haque & Co Chartered Accountants for Robi.

Both the telecom operators have welcomed the audits, but questioned why other operators are not being assessed.

"The BTRC has the authority to audit any operator and we welcome it. However, proper norms and processes must be followed," said Mahmud Hossain, chief corporate affairs officer of Grameenphone, the nation's largest telecom operator.

"The BTRC can also audit all six mobile operators simultaneously," Ekram Kabir, vice president of communications and corporate responsibility at Robi, said: "The regulator could discuss the terms and conditions with us before the audit."

The BTRC had Grameenphone audited in 2011 by a firm that claimed the telecom company owed Tk 3,034 crore to the government. The GP later took the matter to court on the basis of the assessor's lack of capability, and won as the audit was declared illegal.

An attempt to inspect Banglalink at the same time failed as the appointed auditor, Ahmed Zaker & Co, could not finish the job.

After these twin fiascos, the BTRC decided to appoint new audit firms, a senior official said.

Some 26 companies applied, and the BTRC sought approval for selected candidates in August.

The BTRC had intended to inspect operators' lifetime transactions but the companies said that would not be possible under the current law.

"We are not bound to submit any document older than six years," a senior executive of a mobile operator said.

The operators also urged the regulator to properly outline procedural parameters before the actual audits.

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