



A piece of land bearing onion seeds being sprayed with water to aid germination amidst the advent of the dry winter season. Md Mafiqul Islam of Khowar village of Faridpur's Saltha upazila spent Tk 11,000 to sow three kilogrammes of onion seed, which will be transplanted to another piece of land once the leaves sprout. He hopes to harvest 350 maunds (one maund equals around 37 kilogrammes) of onion after around six months. At present, each maund of onion is selling for Tk 4,500 to Tk 5,000 in the local market. The photo was taken in the first week of November.

PHOTO: SUZIT KUMAR DAS

## Modernisation of companies act the need of the hour

Experts say at seminar

### STAR BUSINESS REPORT

Modernisation of the existing Companies Act 1994 is the need of the hour and can foster broader business confidence in Bangladesh while attracting more foreign direct investment (FDI), according to speakers at a seminar yesterday.

"Substantial amendments to the Company Act have been brought and will be sent to the cabinet division for scrutiny," said Tapan Kanti Ghosh, senior secretary of the Ministry of Commerce.

He was addressing a seminar titled "Reforms of the Companies Act 1994", organised by the Dhaka Chamber of Commerce and Industry (DCCI) at its auditorium yesterday.

"We are trying to make it user friendly and avoid excess regulations. If the act is excessively restated, business will be hampered," he added.

Regarding the automation of the office of the Registrar of Joint Stock Companies and Firms (RJSC), he said that the relevant software would be put in place by December this year.

"We don't want to make business

complicated. At the end of the day, we believe in the philosophy that less interference brings more efficiency," he added.

He further requested businesses to think less about profits and more about the community, society, and well-being of mankind.

Md Abdus Samad Al Azad, registrar (joint Secretary) of the RJSC, said that automation of the RJSC would enhance efficiency, adding that at least seven to eight more of its functions should be streamlined in order to provide better services.

Matters of confidentiality in relation to business accounts and passwords should be maintained by the act, he mentioned.

Moderating the seminar, Md Sameer Sattar, president of DCCI, said a reform of the existing Companies Act 1994 was the most pressing demand of time.

He added that formulation of relevant policies, including in the Companies Act, would be instrumental to fostering a pro-business environment in Bangladesh.

Md Zaved Akhtar, Chairman and Managing Director of Unilever

Bangladesh Limited, emphasised on integration of and compliance with the Company Act.

He also underscored the need to implement an Alternative Dispute Resolution (ADR).

Md Shahadat Hossain, council member and former president of the Institute of Chartered Accountants of Bangladesh (ICAB), said that holding timely Annual General Meetings is very important in terms of compliance.

"Winding up procedures should be easier and the process should be shorter. Independent directors can be introduced for transparency in maximum private companies," he noted.

There is no unique definition of SME in the country, but it is very essential, he added.

Abdur Rahman Khan, additional secretary of the Ministry of Finance, said there should be transparency and accountability in the functioning of companies in line with the Company Act.

"I strongly believe the Company Act is going to be very strong as soon as possible. And every three years, the act needs to be

amended," he noted.

He also suggested keeping in mind not to hamper companies due to over-regulation as the private sector is the growth engine of Bangladesh.

Martin Holtmann, International Finance Corporation country director in Bangladesh, also advocated for the modernisation of the Company Act.

He emphasised the need to ensure governance practices through the Companies Act and suggested protecting local and foreign direct investment by law.

In her presentation, Rasheda Imam, an advocate of the Supreme Court of Bangladesh, highlighted a few reform proposals, identifying the need for a robust legal framework for mergers and acquisitions to fill the legislative vacuum.

Currently, winding up procedures are a lengthy and expensive process. She recommended to make it much easier.

She also said that independent directors should be mandatory for unlisted public companies for greater transparency.

## DELAYED TAX RETURN Indian firm faces fine of Tk 7.03cr

### STAR BUSINESS REPORT

An Indian multinational company which took part in the construction of Dhaka's first elevated metro rail is facing a penalty of Tk 7.03 crore for delaying the filing of income tax return for fiscal year 2019-20.

An appeal at Taxes Appellate Tribunal Bangladesh against an order from the field office of income tax of the National Board of Revenue was "not considered favourably", said the company, Larsen & Toubro (L&T).

The order will be challenged at the next appellate forum, the company announced for investors at Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd on November 8.

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This will have no material impact on financial, operations or other activities, it said.

Based on the assessment of facts and prevailing law, a favourable outcome is reasonably expected considering the fact that pandemic restrictions were in place when the filing was due, it added.

Contacted, an L&T official in Dhaka declined to comment on the issue.

Dealing in engineering, procurement and construction projects, the L&T has worked in various power sector projects in Bangladesh.

In February last year, its construction arm secured a contract from Bangladesh Hi Tech Park Authority to construct hi-tech IT parks at eight locations across Bangladesh under an Indian line of credit provided by state-run Exim Bank.

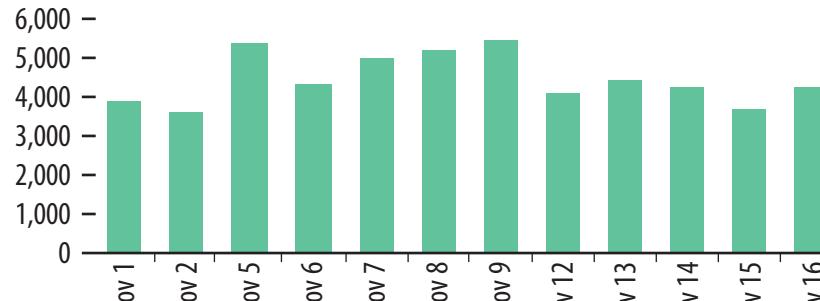
The project mainly comprises procurement and construction of seven-storey structural steel buildings with a built-up area of 12 lakh square feet, it said in a disclosure at that time.



## Interest rate in inter-bank trade

### Interbank money market transactions

In November; in crore taka SOURCE: BB



driving the yield of treasury bills and bonds. At present, he said, the yield of a 91-day treasury bill is over 10 percent.

"It indicates that the interest rate is trending upwards," he said. "The interest rate might have gone up further had the demand for private sector credit and investment been higher."

A top official of another private bank said the upward trend in the interest rate and call money rate would continue.

As the central bank is not

giving high-powered money to the government to arrest inflation, the government is relying more on the banking sector to finance its expenses, thereby slowing revenue flow, he added.

An official at the BB said deposit and lending rates at banks had been increasing after the central bank lifted the 9 percent cap on the lending rate.

It has pushed up the cost of funds, so banks are charging a higher rate for lending, he added.

## Cepa talks

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investment and the Cepa might be widely discussed, he said.

Currently, India is the second largest source of imports for Bangladesh after China.

Annually, Bangladesh imports nearly \$15 billion worth of goods, including textiles and fabrics, industrial raw materials and intermediate goods, food items, cotton and chemicals for industrial use.

As a least developed country (LDC), Bangladesh has been enjoying duty-free benefits on export to India under South Asian Free Trade Area (Safta), a free trade arrangement of the South Asian Association for Regional Cooperation (Saarc).

Bangladesh's exports to India amount to nearly \$2 billion annually.

Bangladesh might not make a large gain from a Cepa as it would lose duty-free market access provided under its LDC status, said the joint study.

Comparatively, India will make a larger gain primarily through the removal of existing high tariff rates, it said.

Bangladesh Foreign Trade Institute and the Centre for Regional Trade (CRT) of India conducted the study based on trade data between 2015 and 2020.

If signed, the Cepa will be the first free trade agreement of its kind as Bangladesh has till date signed only a preferential trade agreement with Bhutan in December 2020.

Moreover, Bangladesh has the potential to benefit from the trade of services in tourism, transport and educational cooperation and also creation of jobs locally from Indian investment.

The proposed deal, which calls for a withdrawal of duties, is expected to boost Bangladesh's exports by 190.15 per cent and more if transaction costs are also reduced through improved connectivity, according to the study.

India's exports to Bangladesh are expected to increase by 188 per cent. The Cepa will increase Bangladesh's GDP by 1.72 per cent and India's by 0.03 per cent, the study found.

## Political peace vital

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Pointing to how Indonesia is already enjoying the benefit of shifting away from China as its primary sourcing destination, Islam said Bangladesh needs to exploit this opportunity.

However, this will only be possible if the country enjoys internal peace and harmony by maintaining political stability, he added.

Long term political stability has been a major reason for the continuation of the country's commendable economic growth for more than the past decade.

This time too, maintaining stability in politics can prove Bangladesh's resilience in economic growth, and the country should take this opportunity through maintaining peace and harmony in its political arena.

Islam informed that the top executives of leading local businesses discussed means of facilitating political peace and harmony at a meeting at the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

At the meeting held last week, it was decided that businesspeople will hold a grand rally with white flags to call on all political parties to shun

unhealthy activities, such as hartals and blockades, so that the economy can run smoothly.

The rally can be held in Dhaka any time the FBCCI directs the businesspeople to do so.

However, political instability before a general election is a regular phenomenon for the domestic economy as it has been taking place for many years now, Islam said.

Hartals and blockades are no longer effective political tools as the situation has changed a lot over the years.

This is because Bangladesh has gone from a \$70 billion economy to a half-a-trillion-dollar economy at present. Besides, the country is heading towards a trillion-dollar economy now.

However, the long-term political instability creates a bad image of the country and consequently the inflow of investment is affected, the MCCI chief also said.

If vehicles laden with goods for import-export purposes are escorted by law-enforcing agencies during hartals and blockades, then business activities can run well even in such a tough time, he added.

## Biman plans flights

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Managing Director and CEO Shaiful Azim.

"Air Canada has already responded to our proposal and work is ongoing to enter into an agreement with Air Canada. We are expecting to make it effective by January next year," he told The Daily Star yesterday.

The codesharing is expected to increase the national flag carrier's passengers on its Narita flights as a large number of Bangladeshi expatriates reside in Vancouver and Los Angeles, he said.

Earlier in August, Biman signed its first codesharing agreement with Gulf Air to expand its flight network in the Gulf region.

Codesharing with Air Canada will

also make Biman's Dhaka-Narita flight, which resumed last September after 17 years, more popular among Bangladeshi expatriates, said the Biman MD.

Apart from Bangladeshi and Japanese passengers, a large number of Nepalese nationals and a number of Indian citizens also use Biman's three weekly Dhaka-Narita-Dhaka flights.

Under an agreement between Bangladesh and Japan, Tokyo allowed Bangladeshi Airlines to enjoy a "fifth freedom facility" in operating flights in that country.

The fifth freedom gives an airline the right to carry passengers from its own country to a second country and from that country onward to a third country and so on.

## Govt officials to discuss

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who says that she is alive today because the US embassy advocated on her behalf," said Blinken.

"When we use our voice, when we use our advocacy around the world, we can make a concrete difference in making sure that those who are trying to advance labour rights are protected and defended," he said.

"Finally, we will step up our due diligence and enforcement to ensure that our own trade agreements, supply chains protect workers, and that we're not importing goods made with forced labour," he said.

The improvement of labour rights is a continuous process and the

government has been working on it over the last few years, Ghosh told The Daily Star over the phone.

It is specifically aimed at retaining preferential trade benefits provided by the European Union (EU) in the form of reduced or zero rates of customs duties, he said.

Bangladesh is set to lose the Generalised Scheme of Preferences facility once it makes the status graduation to a developing nation from a least developed one in 2026.

Ghosh, however, did not specifically state when the top bureaucrats, including secretaries to the commerce, labour and foreign affairs ministries, would sit to discuss Blinken's statement.