

Star BUSINESS

DHAKA TUESDAY APRIL 29, 2003

NBR's ultimatum to general insurers Pay overdue VAT by May 30 or face the music

RAFIQ HASAN

The National Board of Revenue (NBR) has served an ultimatum to all general insurance companies to pay the overdue amount of value added tax (VAT) by May 30 this year.

If they fail to pay within the deadline, stern action will be taken against them and their offices will be locked, the ultimatum said.

Around Tk 40 crore VAT remains unpaid by 42 general insurance companies over the years even though they have received show cause notices

several times. Of the total amount, 18 crore is original while the rest are fines and interests on the unpaid amount.

The ultimatum was issued at a recent meeting between the managing directors of all insurance companies and high officials of the NBR.

"There will not be any flexibility in realising undisputed amounts of evaded VAT this time," said a NBR high official. There will also not be any waiver on the additional two per cent interest on the overdue amount.

Asked why the evaded amount was

not realised earlier, officials blamed their predecessors for not taking proper initiatives and stern actions against these companies.

The massive evasion of VAT was detected by a NBR special investigation team last year when it amounted to above Tk 50 crore.

Some of the 42 companies paid a portion of the evaded amount but most of them remained indifferent to the government warnings and notices.

However, the insurance companies have now been asked to pay the entire

disputed VAT amount within a very short time after thorough discussions with high NBR officials.

Managing director of an insurance company said most of the amount remained unpaid because of disputes over the figure.

In many cases, VAT officials showed exorbitant overdue amounts, which did not match the actual amount, he alleged.

He, however, observed companies that evaded VAT intentionally should be penalised.

CPD-Prothom Alo-The Daily Star dialogue in Ctg Political will a must to provide regional transport services

STAFF CORRESPONDENT, Ctg

Speakers at a meeting here have observed a mindset change and political will are necessary on the part of Bangladesh to provide transport services to its nearby region.

The potential of Bangladesh to become a 'transport hub' by serving the facility to Nepal, Bhutan and north-eastern states of India is being widely discussed at various sub-regional forums, the speakers said at the concluding session of the Regional Consultation Meeting of National Policy Review Forum 2003 on Saturday.

As per recommendations, Bangladesh should open up its road, railway and inland water transport networks to facilitate 'trade in service', they said.

But, political support in this regard has not been indicated, the speakers observed.

The speakers referred to neighbouring India's recent signing of a memorandum of understanding to develop the Sittwi port of Myanmar for an exit of north-eastern India to the Bay of Bengal and said time is running out fast for Bangladesh to capture regional traffic. The session of the daylong meeting, organised by Centre Policy Dialogue (CPD), the Prothom Alo and The Daily Star at Chittagong Stock Exchange auditorium, reviewed the feasibility of the major recommendations placed in the Forum's task force report on transport and infrastructure.

Discussants at the session observed Planning Commission should have taken leadership in formulating policies

for integrated and multi-modal transport development and adopting a new vision involving all stakeholders. Professor Sikander Khan of Chittagong University was the chief guest of the session chaired by Bangladesh Steamers Agents' Association President Farid Ahmed Chowdhury.

M Rahmat Ullah, programme director (Transport) of CPD, presented the keynote paper. The keynote paper thoroughly discussed the implementation status of recommendations made earlier covering crucial areas of the transportation sector.

Taking part in the discussion, speakers said planning, development, operation and management of the transport sector lack co-ordination and adequate assessment as to whether another mode

of transport could undertake a particular task more economically and with less environmental damage. Regarding private sector development, speakers said to promote the private sector's involvement in transport infrastructure development and management the government's function should be limited to that of a facilitating regulator.

Among others, former secretary Waliul Islam, former chairman of Chittagong Port Authority Omar Hadi, Professor Alamgir Md. Sirajuddin and Professor Fasiul Alam of Chittagong University, Chairman of Bengal Shipping MA Awal, Nurul Islam, member of Bangladesh Steamer Agents Association, and Swapan Kanti Ghosh, first secretary of Indian high commission, spoke at the session.

City Bank to invest Tk 50m in zero coupon bonds

The City Bank Ltd has signed a memorandum of understanding with Industrial and Infrastructure Development Finance Company Limited (IIDFC) to invest Tk 50 million in zero coupon bonds issued by IIDFC, says a press release.

Managing Director of the bank Abbas Uddin Ahmed and Managing Director of IIDFC AKM Nozmul Haque, signed the MOU on behalf of their institutions.

AHM Nazmul Quadir, deputy managing director, Habibur Rahman, consultant, Manash Kumar Ghosh, secretary, and ASM Obaidul Quader, senior vice-president of the bank, were also present.

So far, IIDFC has received a positive response from the financial market to the zero coupon bonds.

New chairman, vice-chairman of Standard Bank

Kazi Akramuddin Ahmed, founder chairman of Standard Bank Limited, and Harun Rashid Chowdhury, a sponsor director, have been unanimously elected chairman and vice-chairman of the bank.

Their election was held at the 55th Board of Directors' meeting held in Dhaka on Thursday, says a press release.

Both Ahmed and Chowdhury are prominent industrialists and social workers.

JB, CRISL talk credit rating, loan

Janata Bank and Credit Rating and Information Services Limited (CRISL) held a discussion on different aspects of credit rating and industrial loans in Dhaka on Sunday, says a press release.

The meeting was addressed by Murshid Kuli Khan, managing director of the bank, Jamaluddin Ahmed, chairman of CRISL, and Mujaffar Ahmed, president of CRISL.

Other executives of the bank were present on the occasion.

AB Bank holds regional meet in Sylhet

Arab Bangladesh Bank Ltd organised a regional meeting in Sylhet recently, says a press release.

Abu Hanif Khan, president and managing director of the bank, presided the meeting.

Among others, General Manager of Bangladesh Bank, Sylhet Yusuf Haroon Abedi, Abdul Aziz, treasurer of Shahjalal University, Professor Mohammad Shafique, Mohiuddin Ahmed, president of Sylhet Chamber of Commerce and Industry, Abdul Hai Khan, President of Sylhet Bar Association, Azizul Malik Chowdhury, vice president of Zilla Kirra Parishad, and A Alim Chowdhury, chairman of M/s Alim Industries, were present.

In his speech, Abu Hanif Khan said 2 ATMs will be launched in Madhuban and Dargah Gate Branch to offer better client service.



PHOTO: IIDFC

Managing Director of Industrial and Infrastructure Development Finance Company Limited (IIDFC) AKM Nozmul Haque and Managing Director of The City Bank Limited Abbas Uddin Ahmed exchange documents of a signed memorandum of understanding (MoU) in Dhaka recently. Under the MoU, the bank will invest Tk 50 million in zero coupon bonds issued by IIDFC.

Frozen food exporters urged to invest in EPZs

STAR BUSINESS REPORT

Executive Chairman of Bangladesh Export Processing Zones Authority (BEPZA) Brig General (Retd) Mofizur Rahman has urged local frozen food exporters to set up factories in EPZs.

He was briefing leaders of the Bangladesh Frozen Foods Exporters' Association (BFFEA) on investment opportunities in EPZs on Sunday at the Association's conference room in Dhaka.

He said many incentives and infrastructure facilities are available in EPZs to promote investment and employment generation.

Highlighting the incentives available, he said investors are offered unlimited foreign investment, full repatriation of capital and dividends, tax holidays for ten years, duty-free imports and exports, and relief from double taxation for setting up industrial units in EPZs.

BFFEA President Kazi Monirul Huq

said a higher number of industries will shift to Mongla if government arranges airport facility at Khulna and permits import of raw materials.

MMA Salam, vice-president of BFFEA, Mahmudul Hasan, secretary general, Kazi Belayet Hossain, former vice-president, and Towhidur Rahman, SM Amjad Hossain, Rezaul Haque and Md Khalilullah, members of the executive committee, were also present at the meeting.

Low-cost housing project launched in Chittagong

STAFF CORRESPONDENT, Ctg

Equity Property Management Ltd (EPML), a developer, has launched a low-cost housing project in Mirjapur area here to provide residential facilities for middle income group people.

Addressing a press conference to mark the launching ceremony of the project, Equity Village, at Chittagong Club premises on Wednesday, EPML Managing Director Aynul Haque said such a large scale low cost housing project is undertaken for the first time in

Chittagong.

He said the project will have a thirteen storied building with 171 flats on a three-bigha land and will be completed by 2005.

"We will provide interested customers with sufficient loans from Delta Brac Housing to facilitate easier home ownership by middle income people," Aynul said, adding "we are also very conscious to ensure quality in construction with proper earthquake resistance."

"Besides, we want to play a social role by reducing residential problems in the city with the development of such a housing complex," he added.

Chairman of EPML Moinul Islam Mahmud and Head of Operation, Delta Brac Housing (DBH) Ishtiaque H. Chowdhury also spoke at the press conference.

Earlier, EPML signed a memorandum of understanding (MoU) with DBH for loan facilities and other financial support.

New int'l banking rules to be proposed this week

REUTERS, Tokyo

New international banking rules to be proposed this week will present both an opportunity and a threat for Japan's big banks, adding impetus to their clean-up of huge bad loans but shining a harsher light on their business.

The new Basel Capital Accord, to be released on Tuesday, will set standards for how much capital banks must set aside to cover unforeseen hazards as part of a regulatory overhaul that is considered one of the biggest changes to hit the industry in decades.

For Japan's big banks -- which are expected to adopt the rules as soon as they go into effect in 2006 -- the changes are another reason for urgency in the task of disposing of bad loans totalling at least 24 trillion yen (\$200 billion).

The new accord, dubbed Basel II because it replaces the old 1988 Basel

Accord, will keep the minimum capital requirement for banks at eight per cent, a level that Japan's top banks have been getting uncomfortably near as they count the cost of loan write-offs and heavy losses on their stockholdings.

It is also expected to set rules encouraging banks to build more sophisticated internal risk measurement processes and thereby benefit from lower capital charges.

Accurately assessing risk has not been a strong point for Japan's banks, whose over-lending to business during the bubble economy a decade ago has helped strangle economic growth, and the new standards could help concentrate their minds on reform.

An official at the Bank of Japan said the new rules should raise the pressure on banks to close the efficiency gap with other sectors of the economy or

face the wrath of investors.

"Why do Japanese banks look inferior compared to their peers in the manufacturing sector in the global markets? It's because banks lacked discipline in cost control," the official said.

"The new rules will make banks just like a regular company. It will be difficult for those that can't control costs and they could be headed for consolidation," he told Reuters.

But officials at the BOJ and Japan's top financial regulator, the Financial Services Agency, said the new rules would not necessarily force banks to put aside more capital since they would have more leeway to adjust risk weightings.

"The fact the new rules will be introduced will help encourage banks to appropriately address the bad loan problem," an FSA official said.

National Housing signs MoU with China-Bangla Ceramic

National Housing Finance and Investments Limited and China-Bangla Ceramic Industries Limited (CBC) signed a memorandum of understanding (MoU) at the corporate head office on National Housing in Dhaka recently, says a press release.

Ansar Uddin Ahmed, managing director of National Housing, and Zhou Xiaolin, director & CEO of CBC, inked the deal on behalf of their respective organisations.

Md Shirajul Islam Mollah, managing director of CBC, Shabbir Ahmed, DMD of National Housing, and other senior officials of both the organizations were present at the signing ceremony.

Under the arrangement, clients of National Housing will be able to buy CBC tiles & other ceramic wares at discounted price from CBC's Dealers and Agents.

Prime Islami Life Board okays budget for '03

The Board of Directors of Prime Islami Life Insurance Limited approved the company's financial budget for the year 2003, says a press release.

The meeting held on Saturday in Dhaka was chaired by Manzoor Ul Karim, chairman of the Company.

Among the directors, MA Khaleque, MA Wahhab, ZM Kaiser, Nazma Haq, AKM Nurul Islam and Nargis Akter Adel were present at the meeting.

Kazi Md Mortuza Ali, managing director of the company, placed the business target for 2003.

At the meeting, Justice Md A Rouf was co-opted as a member of the Shariah Council of the company.

ADB AGM on June 30

AFP, Manila

The Asian Development Bank (ADB) is to hold a scaled-down annual meeting in Manila on June 30, a bank spokesman said Monday.

The board of governors' meeting was earlier scheduled to be held in Turkey from May 21 to 23 but the Manila-based bank decided earlier this month to postpone the talks due to the "uncertain international situation" then.

Among its primary concerns was the US-led war in Iraq, which borders Turkey, among other countries.

"It has now been decided that the 2003 annual meeting be held in Manila, where we are based, and on the new date," Ann Quon, the bank's director of external relations, told AFP.

She also said Turkey had offered to host the bank's 2005 annual meeting. "A decision on this will be made at the ADB board meeting in Manila," she said.

The bank has already decided to hold the 2004 annual talks in South Korea.

The ADB has 61 member economies as its shareholders, of which Japan and the United States are the largest.

Bangladesh, India, Sri Lanka sign accord Search for fish autarky

PALLAB BHATTACHARYA, New Delhi

Setting in motion an institutional arrangement for achieving self-reliance in fisheries development and management, Bangladesh, India and Sri Lanka signed an accord on Saturday.

The agreement, signed by senior fisheries officials of the three countries in Madras, will help develop community management at micro level and co-operation at regional level among fisheries agencies of the three member-countries along Bay of Bengal.

It marks the birth of a permanent

institution called Bay of Bengal Programme Inter-governmental Organisation (BOBP-IGO) and takes the place of BOBP, funded by Food and Agriculture Organisation, which existed for nearly a quarter of a century.

Speaking at the launch of the new institution, India's agriculture secretary Binoo Sen voiced concern over declining fishery resources in the region and said BOBP-IGO will help small-scale fisheries.

Funds for the new organisation will come from governments of the three countries and efforts will be made to

secure money for special projects, P S Yadav, interim coordinator for BOBP-IGO said.

The new institution, he said, is planning to launch a project to promote safety at sea for small fishermen and a programme for fish stock management and building up of capacity and information services.

Indonesia, Malaysia, the Maldives, Thailand and some other countries, which were members of BOBP, are expected to join the new organisation.

M Abdul Haq, secretary of Ministry of Fishery and Livestock, signed the agreement on behalf of Bangladesh.



PHOTO: NATIONAL HOUSING

Ansar Uddin Ahmed, managing director of National Housing, and Zhou Xiaolin, director and CEO of China-Bangla Ceramic Industries Limited (CBC), exchange documents after signing a memorandum of understanding (MoU) in Dhaka recently. Under the deal, National Housing will be able to buy CBC tiles and other ceramic wares at discounted prices. Md Shirajul Islam Mollah, managing director of CBC, Shabbir Ahmed, DMD of National Housing, and other senior officials of both the organisations were present at the signing ceremony.

REHAB calls for lower flat, plot registration charges

STAR BUSINESS REPORT

Real Estate & Housing Association of Bangladesh (REHAB) has urged the government to lower registration and hand-over costs for plots and flats to five per cent in the next national budget.

In a budget proposal presented at the publication ceremony of REHAB Directory 2003 at a city hotel on Sunday, the association also urged the government to continue keeping the real estate sector out of VAT network.

Information Minister Tariqul Islam attended the event as chief

guest, who asked the association members to build low-cost buildings for low income group people.

Last year, the government lowered the registration cost from 30 per cent to 15 per cent, causing revenue to double, said Toufique M Seraj, president of REHAB, at the ceremony.

Uncertainty hangs over SARS in Thailand

ANN/The Nation

The worst is yet to come, economic optimism has given way to pessimism, and central bank officials say the crisis has not even peaked yet.

The effects of the SARS crisis could last until the fourth quarter of this year, says the Bank of Thailand (BoT) in its worst case scenario prediction.

"We don't know how long it will last. But it has not yet peaked," said Achanon Waiquandee, a senior director of the central bank in charge of research.

While she declined to make specific growth forecasts, she did say that the central bank would outline details of different economic scenarios with relation to SARS on Wednesday.

Some regional economists have trimmed the impact on the Thai GDP by 0.5 to 0.75 percentage points.

The Thai government had earlier set an ambitious target of 6 per cent growth for 2003, although most economists had predicted no more than 5 per cent.

Standard Chartered Bank has forecast that the SARS epidemic could knock at least

US\$16.5 billion (Bt707.5 billion), or 0.7 per cent, off the GDP of East Asian economies.

Standard Chartered said its assessment was based on SARS having a three-month impact, but warned the fallout from the sometimes fatal virus could be extended for the rest of the year.

Some of the BOT's senior officials said that should the impact of SARS last only two to three months, it would not have that great an effect on the Kingdom's economy.

But BOT Assistant Governor Bandit Nijathaworn said last week that the

worst was yet to come in terms of the consequences of the SARS outbreak.

Several hotels have begun laying off workers, while tour agents that relied on business from China have closed. And, in a chain reaction, restaurants, suppliers to hotels and transport business are also being hit.

Somsak Lolekha, chairman of the Medical Council of Thailand, warned that the coming rainy season would make it difficult to control the spread of the virus.

"Three weeks ago, we looked at it (the impact of SARS) with excessive optimism.

Believing that the spread of the disease was slowing down. But now, the outlook has changed," said Supavud Saicheua, an economist from Merrill Lynch Phatra Securities (MLP).