

Star BUSINESS

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Billions earned online go unreported in Japan

ANN/ THE DAILY YOMIURI

Japan's business operators that conduct online transactions failed to declare about 14.3 billion yen (US\$121 million) in taxable income during the year ending in June, an increase of about 2.8 billion yen (\$23.67 million) from the previous year, according to the findings of an investigation by the National Tax Agency.

Twenty per cent of the 1,453 business operators investigated by the agency did not declare income at all, indicating that online firms are less willing to pay tax than operators of firms that do not conduct business online—generally, 10 per cent of the latter have been found to have dodged tax when they were investigated by the agency.

On internet, people can engage in virtual adventures or battles against each other in online games.

An unemployed man sold many virtual items, including weapons and game tokens he obtained from online games, to players in the real world, but he did not declare the 60 million yen (\$507,206) he earned from those sales for three years.

The man reportedly said he deposited the money at a bank.

Some Web site operators also failed to declare money they received through an affiliate programme in which they are paid commissions if people buy items based on advertisements on their sites.

Caterpillar cuts forecast

REUTERS, Chicago

Caterpillar Inc. on Friday reported disappointing quarterly earnings and cut its 2006 and 2007 forecast on slowing demand for its earth-moving equipment and rising raw material prices that are eroding margins.

The news sent Caterpillar shares down nearly 12 percent, its biggest one-day percentage loss in nearly seven years, and dragged down the broader market in early trade Friday. At its session low, the Dow Jones industrial average component was having its worst day since the market crash of 1987.

Caterpillar said a number of factors weighed on third-quarter results, including costs related to settling a dispute with Navistar International Corp. that reduced earnings per share by 8 cents.

But the chief culprits were slowing machinery sales, as the slow-down in the U.S. housing market discouraged new purchases of smaller bulldozers, graders and other vehicles, and as "new product introductions and mine permit delays in the U.S. slowed growth in large machine sales," the company said in a statement.

"The fourth quarter and next year are a lot more muted than most people expected," said Eli Lustgarten, an analyst at Longbow Research.

Nissan, Suzuki studying joint production in Russia, Brazil

AFP, Tokyo

Japanese carmakers Nissan and Suzuki are considering joint production in Russia and Brazil to expand their ties in emerging markets, a press report said Friday.

The two firms had already agreed in June that they would mutually supply vehicles to the domestic market and that Suzuki would produce small vehicles in India for Nissan from 2008.

They are now discussing the idea of Nissan Motor Co. producing Suzuki-brand vehicles at a new 200-million dollar Nissan plant in St. Petersburg, Russia, the Nihon Keizai Shimbun reported.

The plant, due to start up in 2009, is expected to have an annual capacity of 50,000 units and make at least three midsize models equipped with two-liter and larger engines, the leading business daily said.

788 defaulters owe Tk10,129cr to banks

Cases against 338 pending

REJAUL KARIM BYRON

The amount of loans defaulted by 788 loanees, who are among the listed top 20 loan defaulters of as many as 48 banks, now stands at Tk 10,129 crore, which accounts for 43.17 percent of these banks' total classified loans.

Up to June 2006, the banks' loans that remained outstanding reached Tk 1,41,437 crore, Tk 23,465 crore of which are classified loans.

Although the banks have so far sued 338 loan defaulters for realising Tk 2,554 crore from them, many of the cases remained pending in courts for decades.

Four nationalised commercial banks (NCBs) are yet to realise the amount of loans the top 20 listed defaulters owe to them, which amounted to Tk 7,003.17 crore.

The amount is 45.99 percent of these banks' total classified loans.

The top 20 defaulters alone owe Tk 5,120 crore to Sonali Bank, which is 51 percent of the bank's total bad loans, placing it at the top

of the NCBs with a big amount of outstanding classified loans. In the case of other three NCBs, the rate of total bad loans ranges from 3 to 9 percent.

The Sonali Bank sources said the state-run Bangladesh Petroleum Corporation alone accounts for 85 percent of the bank's bad loans defaulted by top 20.

The NCBs have filed cases against 32 defaulters, who owe a total of Tk 950 crore to the banks.

The top 20 listed defaulters of 30 private commercial banks (PCBs) owe a total of Tk 2,422 crore to the banks, which is 56.51 percent of their total classified loans.

The PCBs sued 274 defaulters, who owe a total of Tk 1,272 crore to the banks.

The PCBs are yet to file cases against 317 defaulters, who are on the banks' lists of top 20 whose debt is Tk 1164 crore.

The top 20 listed defaulters of nine foreign commercial banks (FCBs) are indebted for Tk 19 crore to the banks, which is 30 percent of

the banks' total classified loans.

The FCBs have so far sued seven defaulters, who owe a total of Tk 6 crore to the banks, though 40 defaulters are yet to be sued for their failure in repaying Tk 13 crore to the banks.

The top 20 listed defaulters of five specialised banks are indebted for Tk 685.83 crore, which is 17.63 percent of the banks' total classified loans.

These banks have so far filed cases against 55 defaulters, who owe a total of Tk 325 crore to the banks.

Bank sources said as the process of loan recovery through filing cases is a lengthy one, the banks are now unwilling to sue the defaulters, preferring recovery of the bad loans through negotiation with the defaulters.

The sources alleged that some of the loan defaulters often escape the touch of the existing law for realising bank loans as they are considered to be influential in the society.

Corporate India celebrates Tata-Corus deal

AFP, New Delhi

Corporate India on Saturday celebrated Tata Steel's 8.1-billion-dollar planned takeover of top British steelmaker Corus Group, hailing it as a sign Indian companies have arrived on the world stage.

The agreement struck Friday in London, marking the biggest-ever foreign acquisition by an Indian company, highlighted the new clout and international aspirations of India, Indian business groups said.

"The Tata Steel-Corus agreement is a sign of a confident India Inc. being recognised as a very significant global economic player," said Confederation of Indian Industries president R. Seshasayee in New Delhi.

"The internationalisation of the Indian corporate sector has reached a new high with this landmark deal," he said.

Indian newspapers splashed on their front pages the news that India's largest private steel company Tata Steel, part of the giant steel-to-software Tata Group, had won the hand of Corus, creating a global steel giant.

The transaction, which still needs to clear regulatory and other hurdles, would vault the Indian steelmaker into the ranks of the top half-dozen steel producers globally.

"India Inc arrives with Tata's Corus," said a headline in leading financial daily Business Standard. "Tatas take over UK national icon," said the Economic Times, referring to Corus, formerly state-run British steel.

Shahjalal Bank gets SEC nod to float IPO

STAR BUSINESS REPORT

Securities and Exchange Commission (SEC) has asked the Shahjalal Islami Bank Ltd (SJIBL) to go ahead with floating primary shares worth Tk 93.58 crore, the largest initial public offering (IPO) in the banking sector.

The capital market regulator approved the bank's IPO application at its meeting on Tuesday, SEC sources said.

"The third generation private commercial bank will start subscription on issuance of our consent letter," said an executive director of SEC.

The bank sources said they hope to start subscription in January. The SEC rejected last year the IPO application of SJIBL as the bank's net asset value (NAV) was below the face value of Tk 100 per share. Presently, the NAV of the bank is Tk 102 per share.

Besides, the bank's accumulated loss stood at Tk 47 crore last year, which stands at Tk 16 crore this year.

However, as per circular number 18 of Banking Regulation and Policy Department, Bangladesh Bank, the SJIBL would not be allowed to declare dividend so long the bank incurs any accumulated loss. "This has been disclosed in the IPO prospectus of the bank for general information of the common investors," an SEC official said.

Earning per share of SJIBL, which started its commercial operation on May 10, 2001, is Tk 46.79 (as

per annualisation).

The bank's paid up capital until December 31, 2005 was around Tk 94 crore and total equity Tk 115 crore.

The bank's deposit rose to Tk 1,504 crore until June 30, 2006 from Tk 1,220 crore in December 2005.

The bank's advance rose to Tk 1280 crore until June 30, 2006 from Tk 1062 crore in 2005 and Tk 714 crore in 2004.

The classified loans also declined by 0.13 percent until June 30, 2006 from 0.49 percent in the corresponding period of the previous year.

The SJIBL's gross income until June 30, 2006 stood at Tk 114 crore.

The bank handled a total of Tk 171 crore remittance until the end of June 30, 2006, which was Tk 69 crore on June 30, 2005.

Earlier, the Dhaka Stock Exchange (DSE) board approved the application of SJIBL on September 13 to float shares.

With the approval of SJIBL, 2 third generation private commercial banks (PCBs) -- Premier Bank and First Security Bank -- remained non-listed on the stock exchanges so far.

Premier Bank, has, however, already applied to the SEC for floating primary shares while BRAC Bank's subscription will begin November 12.

Indian firm to make motorcycle in Indonesia

XINHUA, Jakarta

The Indian third largest motorcycle maker, TVS Motor Company, is building a factory in Indonesia's West Java province, which will go into production next year, a local media reported here Saturday.

The company's products will be marketed mainly in Java and Sumatra islands, the Jakarta Post daily quoted the company's sales and marketing director for Indonesia K Vijayakumar as saying.

He said the company will invest up to 45 million US dollars for the construction of the factory in Karawang of the province.

The factory will have a production capacity of 300,000 motorcycles per year and a workforce of around 300.

Vijayakumar said the company will focus on the production of bebek (small engine capacity) and sports motorcycles at the new factory.

TVS president director BLP Simha said the company was considering to increase investment in Indonesia, and make the country its production base for Southeast Asia.

TVS Motor Company is the flagship company of India's TVS Group, which is made up of 30 companies with total assets of 2.2 billion US dollar and 45,000 employees worldwide. With more than 500 dealerships and 2,100 outlets across India, it is the seventh largest motorcycle company in the world.

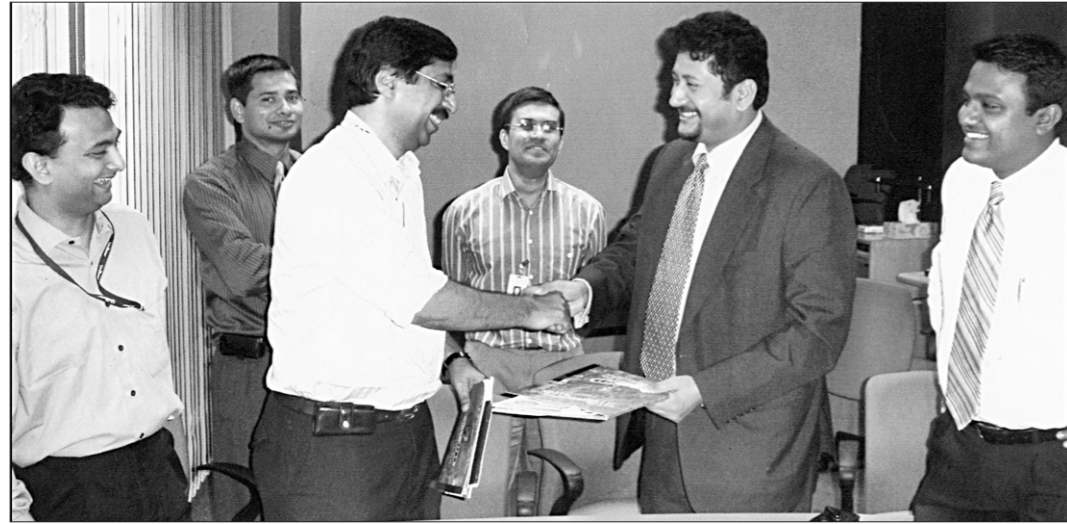


PHOTO: G3 COMMUNICATION

Senior officials of AKTEL and Unilever Bangladesh Ltd are seen at an agreement signing ceremony recently. Under the deal, the mobile phone operator will offer necessary technical supports to Unilever for SMS (short message system) voting service for 'Close Up 1', a musical talent hunt programme sponsored by the consumer goods company.

Indo-Pak trade may hit \$2b this fiscal

PTI, Islamabad

The trade volume between Pakistan and India is expected to hit the two billion dollar mark this fiscal following addition of 302 products in the positive list of items by Islamabad for imports.

According to estimates, the addition of 302 more items by Pakistan for bilateral trade constituted 1,332 billion dollars of its imports from global markets, a major part of which were expected to be diverted to Indian markets, a study here said.

Pakistan had recently increased the list of products from 773 to 1075, constituting mostly industrial machinery, raw materials and its parts.

With the full utilisation of these importable products from India, which were currently imported from

various countries, the volume of bilateral trade between Pakistan and India would reach around two billion during the fiscal year 2006-07, Dawn daily quoted Pakistan officials as saying.

"If it happens India would then become Pakistan's sixth largest trading partner after the US, the EU, China, Saudi Arabia and the UAE.

The enhancement of the positive list will also increase the scope of Safta between Pakistan and India, as more items will be considered for duty reduction under the agreement, it said.

Pakistan however has not fully implemented Safta provisions for India even though the regional trade agreement came into effect. After India lodged a protest Saarc Commerce Ministers are expected to take up the matter in the next meeting.

Pakistan officials said that out of 302 new items, import of 111 raw materials, 171 machinery and parts and 19 other items, including surgical related equipments, homeopathic medicines and diesel locomotives were allowed from India following demands from various stakeholders, particularly from some industries.

According to officials, only 20 out of a total of 302 items were placed under Pakistan's sensitive list of the Safta agreement implying that 282 items will be eligible for duty reduction under Safta.

Pakistan's bilateral trade with India is estimated to have crossed one billion dollar so far this fiscal with balance of trade in favour of India even though its exports to India also register a several fold increase.



PHOTO: EASTERN BANK

K Mahmood Sattar, managing director of Eastern Bank Ltd (EBL), inaugurates the bank's card centre at Fazlul Rahman Centre in Dilkusha C/A, Dhaka on Thursday. EBL cardholders will get service from this centre during office hours, which will be extended to 24 hours soon. Ali Reza Iftakhar, additional managing director, Mashrur Arefin, head of Consumer Banking, and Taufiq Hasan Rupu, head of Cards of the bank, were also present.