

DHAKA THURSDAY, DECEMBER 29, 1994

Export earning from leather goods rises

The country has earned Taka 195.38 crore by exporting leather and leather goods during the first quarter of the current fiscal year, reports UNB.

The earning is 27 per cent higher than that of the corresponding period (July-September) of the last fiscal 1993-94.

This was informed at the 35th meeting of the Parliamentary Standing Committee on Commerce Ministry held at Jatiya Sangsad on Tuesday with Commerce Minister M Shamsul Islam presiding.

The meeting was told that the country had earned Tk eight crore by exporting ceramic items in the first quarter of the current fiscal year.

Various steps to stabilise the prices of essentials during the month of Ramadan also came up in the meeting for discussion.

Addressing the meeting, the Commerce Minister laid emphasis on coordinated efforts of government and private sector for the success of the Dhaka International Trade Fair to be held in January.

Committee members Amir Khasru, Farida Hasan, Advocate Abul Kalam, Quamruddin Ehsan Khan Majlish and Muhammad Ansar Ali Siddiqui attended the meeting.

Commerce Secretary A H Motazzal Karim and Vice-Chairman of the Export Promotion Bureau (EPB) Anisul Haque Chowdhury were present.

Chinese trade delegation calls on Zahir

A visiting seven-member trade delegation led by Zhang Yu, Vice-President of Council for the Promotion of International Trade and Vice-Mayor of Jinan city of China, called on Industries Minister A M Zahiruddin Khan at his office here yesterday, reports BSS.

During the meeting they discussed setting up of joint venture project. They also discussed identifying the areas of cooperation particularly setting up of joint venture projects in the field of pulp and paper sector.

Describing the investment atmosphere in Bangladesh as good, the delegation members showed keen interest in the investment in pulp and paper sector. The delegation said, as the demand of paper in China is ever increasing, China is interested in setting up of joint venture in this sector.

Bangladesh is manufacturing 75 per cent of pulping machinery in the country and green jute is being used as cellulose raw material.

The delegation said China has already set up a knitting factory at Chittagong on joint venture and the factory is running well.

City Bank fails to declare dividend for '93

By Staff Correspondent

The City Bank failed to declare any dividend for its shareholders while announcing an operating loss of Taka 161.5 million for the year 1993 at its 11th annual general meeting held at a local hotel yesterday.

However, the bank claimed an actual profit of Taka 33.3 million and pointed out in its annual report that "the loss was shown to adjust for the steps taken in making adequate provisions against loans."

According to the Board of Directors Report signed by Chairman Anwar Hossain, "1993 was a year of consolidation for the bank for various reasons. City Bank's balance sheet for 1993 reflects the need to strengthen its financial base through various provisions and accounting measures. In order to further improve the quality of our advance portfolio we have tried to maintain adequate provisions even at the cost of sacrificing our operating profit for '93."

During the year in review, the authorised capital of the bank was increased from Taka 200 million to Taka 400 million, although the paid-up capital remained unchanged at Taka 160 million. Reserve funds also remained un-

BIWTC's chairman changed

The Director of Administration of BIWTC has been given the additional charge of the chairman of the corporation, says a press release.

This follows the release of Engr. Faruque Alam from contract service as chairman. He was the chairman of the corporation for three and a half years.

changed at Taka 125.2 million. However, according to the annual report, deposits increased by 12.61 per cent to Taka 6558.7 million in 1993 from Taka 5824 million in 1992. Loans and advances also increased from Taka 3664.2 million to Taka 4013.2 million.

Total assets stood at Taka 7956.7 million as against Taka 7732.6 million in 1992. This includes cash deposits with the central bank and other banks of Taka 1849.1 million compared to Taka 1405.9 million in 1992.

Liquid assets including investments of City Bank increased from Taka 2669.3 million in 1992 to Taka 2530.9 million in 1993.

Furthermore, two new branches were introduced in 1993 in addition to five new branches in 1994, bringing the total to 67 branches nationwide.

Noting that the investment situation in the country remained stagnant, as in the

previous year, the report stated that "the demand for loans was very low, affecting the banking sector as a whole, and the banking sector remained laden with excess liquidity for the third consecutive year... This had a direct impact on the City Bank's profits for 1993. Although all banks have been trying to resolve this situation, there has been little success."

In addition, according to the Board of Directors, new and conservative classification procedures and other stringent measures prescribed by the central bank under the Financial Sector Reform Project have forced bankers to be more cautious in providing new loans.

Referring to 1993 as "a year of consolidating the financial base of the bank," the report declared that well-considered steps were taken to improve the quality of the bank's assets. "We believe these measures will ensure good results for the bank in the future."

Corporate Profile — City Bank

Chairman: Anwar Hossain, Managing Director: Kazi Baharul Islam, Board of Directors: 15 members, Head Office: Jiban Bima Tower, 10 Dilkusha Commercial Area, Dhaka-1000.

Year of Listing: March 14, 1983. Auditors: Howlader Yunus & Co.

Market Sector: Banking; No of Shares issued: 1.6 million; Number of Shareholders: 2221; Shareholding Pattern: Sponsors 50 per cent, General Public 45 per cent, Government 5 per cent.

Key Data:		1993	1992
Paid-up capital/Tk (m):		160	160
Authorised capital/Tk(m):		400	200
Net profit (loss)/ Tk (m):	(161.46)	84.07	
Reserves/Tk (m):	125.2	125.2	
Total deposits/Tk (m):	6558.7	5824.18	
Loans /TK(m):	4013.16	3664.21	
Dividends:		122 per cent	
Earning per share:		52.54	
Price earning ratio (x):		9.52	
Market rate/Tk:500.00			

(* Market rate as published on close of trade, December 23, 1994)



The visiting seven-member Chinese investors team called on Industries Minister A M Zahiruddin Khan at his office in the city yesterday. — PID photo

Rayon grade pulp production from green jute begins

CHITTAGONG, Dec 27: Karnaphuli Rayon Mills at Chandraghona under Chittagong Hill Tracts district has started production of rayon grade pulp and rayon staple fibre (RSF) from green jute for the first time yesterday, reports BSS.

Industries Minister A M Zahiruddin Khan inaugurated the production processes at a function held at the mills site. Briefing newsmen at the KPM resthouse the minister said, with the production of rayon staple fibre from green jute, the import of different kinds of cotton fibres and raw materials would greatly be reduced and the country will thus save about Tk 27 crore.

\$ 2.5b budget in Hungary

BUDAPEST, Dec 28: The Hungarian parliament adopted the 1995 budget allowing for a deficit of 282.6 billion forints (2.5 billion dollars) yesterday, reports AFP.

The budget was proposed by the social-liberal government headed by Prime Minister Gyula Horn and was approved with 251 votes in favour and 83 votes against.

New GM of Sonali Bank

Sirajuddin Ahmed, General Manager of House Building Finance Corporation, has joined Sonali Bank as general manager recently, says a press release.

A professional banker Sirajuddin joined the House Building Finance Corporation in 1994 as general manager on promotion. He worked there until his present position in Sonali Bank.

New executive president of Islami Bank

M Kamaluddin Chowdhury has been appointed executive president of Islami Bank Bangladesh Limited recently, says a press release.

Chowdhury, a career banker, joined the then Habib Bank Ltd in May 1963 as probationary officer and served the bank in various capacities.

Prior to his joining Islami Bank Bangladesh Ltd as executive vice president in February 1989, he was deputy general manager and head of International Division of Agrani Bank. He was promoted to deputy executive president of the bank in March 1993. He has been serving as acting executive president of the bank since May 1994.



Sena Kalyan Bhaban at Motijheel in the city

Profit of Sena Kalyan rising

By Staff Correspondent

Profits of the Sena Kalyan Sangstha, a welfare trust for military veterans, during the first five months of the current fiscal year has nearly matched the Taka 11.42 crore profit for the entire 1993-94 period.

"We are doing very well and we are growing," said Brig Zayed Latif, Managing Director of the Sangstha, while noting that the trust has already achieved 75 per cent of the targeted profit of Taka 14.76 crore set for the current fiscal year.

A self-financed welfare organisation and an independent legal entity, the Sangstha owns some 14 industrial units around the country and it also owns some prime real estate in Dhaka, Chittagong and Khulna.

Talking to The Daily Star at his Sena Kalyan Bhaban office in Motijheel earlier this week, Brig Latif dwelt on the Sangstha's present performance and welfare activities, and on its future plans.

"The Sangstha is an entirely self-financing welfare organisation devoted to the welfare of ex-servicemen and their dependents," he said. "It receives no financial assistance from either the government or any contribution or donation from any agency or individual."

It operates in the private sector and all expenditures on its diverse welfare activities have always been met with funds generated by its own industrial and commercial activities, he added. "The aim of the Sangstha is to generate and provide funds for the welfare of its beneficiaries and their dependents."

Brig Latif recalled how the Sangstha originally evolved from the Post War Services Reconstruction Fund set up after the First World War while its funds originated from the contributions made by each combatant soldier from the

then East Bengal during the Second World War.

The Sangstha was given a number of abandoned industrial units and properties in the 70s while it also purchased some de-nationalised units in the 80s.

Currently the Sangstha owns and operates 14 industrial units, eight trading and wholesale outlets and 12 real estate units. The annual turnover during the last fiscal was Taka 125 crore while the projected turnover for 1994-95 is Taka 258 crore.

The industrial units include three engineering and electronic factories, five textile and apparel units, four plants in the food sector, one jute mill and one cement factory. In addition, the Sangstha also operates a trading outlet, SKS Trading House, and maintains six sales centres around the country.

The Sangstha's industrial units produce a wide range of products including Citizen brand television sets, 'Habib' fans, 'Bayazid' lanterns, 'Consul' socks and 'SK Tex' linen and terry towels.

With its three flour mills — Fauji, Chittagong and Diamond — all located in Chittagong, the Sangstha is the largest producer of flour in the country.

"The combined capacity of the three flour mills is 250 tons per day. We are a big consumer of wheat and we also import wheat for our own use and also for sale in the domestic market," Brig Latif said.

The Sangstha is also planning to set up three more flour mills — one each in Dhaka, Khulna and North Bengal, he added.

The Sangstha's newest venture, Mongla Cement Factory, a Taka 65 crore project, recently started trial production. It has a production capacity of 1,500 tons of cement per day while the projected annual turnover is Taka

US dollar up in Tokyo, down in New York

TOKYO, Dec 28: The dollar was higher only fractionally on the Tokyo foreign exchange market yesterday in the absence of incentives, reports AFP.

The dollar was quoted at 100.41 yen in early trading, the dollar moved narrowly between 100.40 yen and 100.49 yen by 3:30 pm here yesterday.

Spot turnover increased from the previous day's 1.308 billion dollars to 2.697 billion dollars.

Many investors sat on the sidelines in the absence of major market-moving news, dealers said.

Japanese traders bought dollars for settling import bills.

The mark was quoted at 1.5800 to the dollar at 3:30 pm here yesterday, against 1.5808 the previous day.

Use of modern tech in indirect tax admn in dev economy

By Dr Rafiqul Islam

Pressure for greater trade facilitation

The complexity of an international trade transaction and the quantity of paperwork involved with getting goods from seller to buyer and the financial settlement in the opposite direction is quite staggering. In monetary terms varying estimates for the cost of paperwork range at between 7 and 15 per cent of the value of goods traded.

Such costs have obvious implications not only for the consumer of the goods but also for the economy of the country in general. There is a worldwide trend towards greater trade facilitation in order to avoid at least a proportion of these costs and Customs has a key role to play. They call for greater trade facilitation however presents Customs with something of a dilemma. The benefits of facilitation are clear for all to see but looked at from a Customs perspective increased facilitation can mean increased opportunities for the evasion of duties and smuggling of contraband. To relax Customs controls at a time when methods of evasion and smuggling are becoming increasingly sophisticated appears to be a recipe for disaster. In order to overcome this apparent impasse more and more administrations are looking to ADP techniques as a means of implementing facilitation measures while at the same time retaining adequate controls and even improving controls.

Use of ADP by other trade participants

Other participants in international trade e.g. brokers/agents, carriers, freight forwarders, etc. have not been slow to recognize the benefits of automating their operations. Many produce their Customs documents by ADP means and in more recent times the electronic transmission of trade data from one participant to the next (EDI) has become more common. It is forecast that there will be a dramatic world-wide expansion of electronic trade data interchange over the next decade or so with significant cost savings accruing to all concerned. As a vital link in the international trade chain, Customs administrations are coming under increased pressure to automate their procedures and in doing so reap the rewards that are undoubtedly available in the EDI environment.

In summary then, Customs can expect an increased workload from increasing international trade and traffic. The problems of smuggling, particularly narcotics, will continue to rise in many parts of the world. Fraud and evasion of duties will be an even more acute problem to developing countries while there will be an increased pressure for greater facilitation and for controls to be equitably enforced. In most countries there is little likelihood of major budget increases, in fact budgetary cuts are the order of the day in many instances. Customs services will, therefore, be expected to meet increased workload and the increased enforcement problem by better organization, modernization and improved techniques including computerization and new technology.

Greater trade facilitation

In simple terms Customs involvement in trade facilitation means clearance of the goods with maximum speed and minimum documentation. Without automated procedures Customs could be a major stumbling block to international trade facilitation in the long run. Computers however are not the complete answer. A critical review of manual procedures will, in most administrations, unearth some practices which may be both inefficient and unnecessary. Automating inefficient or redundant procedures benefits nobody. The computerization of simplified and streamlined procedures can however bring major benefits to both Customs and the trading community at large. The expedited processing of goods declaration is one of the main benefits of automation. Customs benefit through the reduction or elimination of a time consuming, repetitive task; importers benefit through receiving their goods quicker with consequent reduction of storage charges; ports and airports are less congested and the economy as a whole benefits. Automation of Customs procedures also opens the door to the eventual exchange of cargo data and goods declarations data by electronic means thus further facilitating trade.

More effective Customs controls

As mentioned before, facilitation of trade is one of Customs main aims. Effective control to prevent evasion and smuggling is the other. Given limited Customs manpower resources it is obviously not possible to examine meticulously every consignment that enters a country. In carrying out their control function therefore Customs must be selective. The application of selectivity criteria in order to identify the consignments for examination and documents for checking can, of course, take place in a manual system. Where, however, the functions of cargo control and/or Goods declaration processing have been automated such selectivity can be carried out on a much more informed and thorough basis. Intelligence gathered by Customs on a nationwide basis can be fed into the computer system and be taken into account when selectivity processing is taking place. The probability of uncovering fraudulent practices is therefore increased in an automated environment. In the field of detecting fraud computers can also be of assistance in identifying importations when the declared value of products falls outside pre-determined parameters.

Uniform application of Customs law

The increase both in the quantity and complexity of the laws which Customs are obliged to enforce has already been discussed. This has posed difficulties for administrations which still operate in a manual environment. With so many

laws to be enforced it is hardly surprising that Customs officials sometimes find it difficult to know if they have taken all existing regulations into account when processing individual importations and exportations. No such uncertainty exists in a computerized system. All transactions are subjected to a uniform and rigorous scrutiny ensuring a strict application of the law and the equitable treatment of all trades. This greatly enhances the image of Customs and eliminates opportunities for fraud and embezzlement and the acceptance of irregular payments by Customs staff.

More efficient revenue collection

The conversion of currencies, the application of the correct duty rate, the computation of the duty payable, the automated control of duty security, the maintenance of traders' deferred payment accounts and the production of fast and accurate revenue accounts are all tasks which are ideally suited to the application of ADP techniques. The speed and accuracy possible in a computerized system make it very attractive as compared to the manual environment which is slow, error prone and labour intensive. This is one of the principal areas where the use of computers has a very obvious pay-back potential.

Efficient production of external trade statistics

Almost all Customs administrations have responsibility for the collection of trade data and

many of these are also responsible for the compilation of the country's external trade statistics. Many politically and economically important decisions have to be taken in the light of the most recent trade developments. It is difficult to visualize (and impossible to do) just how this tasks could be performed efficiently and effectively without the use of ADP techniques. Data for the compilation of external trade statistics is generally extracted from import and export goods declaration processing does take place when the trade statistics can be produced as a by-product of data captured at the point of import action and exportation. This is obviously very cost efficient and the statistics produced in this way will be very accurate and up to date enabling the other government agencies to take any necessary action very quickly.

Better use of personnel resources

One of the big advantages of the use of computers in any field is that they can reduce the burden of boring repetitive, labour intensive tasks. This is particularly true in the Customs field where a large proportion of Customs staff, hitherto deskbound in dealing with an ever increasing paper burden can, in a computerized environment, be released to perform more "Customs" work such as examination and control duties. The increased availability of staff for such tasks coupled with the ability of computers to target high-

risk consignments for close inspection makes the introduction of ADP techniques a very attractive proposition to hard-pressed Customs management. In addition, computers can produce for management periodic reports on, for example, the flow of traffic through various Customs stations. Such information can be very useful when deploying staff to the greatest effect.

Customs are often accused, unfairly (or fairly) in many cases, of being obstacles to trade whereas in effect all they are doing is applying the law to the best of their ability with, in many cases, severely overstretched personnel resources.

The judicious use of computers can change all that. Cargo can be cleared more rapidly. Customs laws can be applied equitably, revenue can be collected efficiently. Customs staff can be deployed to the greatest effect. In such circumstances Customs will be faced with criticisms, founded or unfounded, from the trading community. All this, together with the fact that Customs officers have at their disposal the most modern techniques to assist them in doing their job well, can have a very positive effect on staff morale. One further benefit which can accrue to the administration is the avoidance of future costs.

As a general rule customs computer systems, once installed, can handle an increased volume of trade without the necessity to increase staff numbers correspondingly.

In practice this rarely happens. Re-deployment and re-training of certain staff may need to occur but this should be of benefit both to the Customs official and to Customs service since the new tasks are likely to be of a more fulfilling nature than those occurring in a manual system.

In spite however of the many obvious advantages of automation, Customs authorities have in the past been slow to adopt ADP techniques for processing commercial traffic.

This situation is changing gradually as manpower costs increase and computer hardware costs decrease. In addition, the efforts of UNCTAD are bringing the benefit of ADP to smaller administrations.

Organizations such as the World Customs Organisation (WCO) are also active in promoting the use of ADP techniques in customs administrations. However, the day when all commercial transactions worldwide are processed by ADP means is regrettably still some way off.

Thus some stability can be introduced in the area of manpower costs. The perception exists that the introduction of computers leads to job-losses.

(Concluded)

(This is an abridged version of the article presented at a seminar organised by the BCS (Customs and Excise) Association last week. The author is the Deputy Director (Research and Statistics) at the National Board of Revenue.)