



HYUNDAI CARS THAT MAKE SENSE

Govt urged to reconsider imposition of VAT on audit, accounting firms

Institute of Chartered Accountants of Bangladesh (ICAB) has urged the government to reconsider the proposed imposition of VAT on audit and accounting firms, reports UNB.

The VAT, if at all, should not only be imposed on CA firms, but must be applicable equally to all professionals, said leaders of the ICAB at a press conference here yesterday.

ICAB asked to get registered under VAT net

A notice was served on the Institute of Chartered Accountants of Bangladesh (ICAB) asking it to get registered under VAT (Value Added Tax) net, reports UNB.

Customs, Excise and VAT Department issued the notice on the institute on August 4, although the ICAB is not a business firm and does not do any audit and accounts work.

ICAB is an institute engaged in educational activities. It conducts the examinations of the articulated students working in CA firms, said its president A N Altaf Hussain Siddiqui.

Addressing a press conference here today (Wednesday), he said this proves that the whole revenue mechanism is absolutely in the dark about audit and accounts system and activities.

Govt plans to raise jute goods export

The government has fixed a target to export jute goods worth about Tk 849 crore, Tk 176 crore up from the previous year, during the current fiscal 1996-97, reports UNB.

This was disclosed Tuesday at a high level meeting of Bangladesh Jute Mills Corporation (BJMC) at its office with State Minister for Jute and Textile A K Faizul Haque in the chair.

The State Minister asked the officials concerned to put up their best efforts to boost production of jute goods to achieve the export target, said a PID handout on Tuesday.

Review meeting of BADC projects held

Agriculture, Food and Relief and Disaster Management Begum Matia Chowdhury has asked the BADC officials to take immediate steps to repair its disordered deep tubewells before the coming broom season, reports UNB.

She was addressing a review meeting of the Ministry's development projects at its conference room Tuesday.

Stressing the need for reaching the outcome of the agricultural researcher to the farmers, Matia said the present government has given top priority to agriculture sector to boost production, said a PID handout.

Jobless rate increases in Germany

NUREMBERG, Aug 7: Germany recorded a seasonally adjusted increase of 5,000 jobs in July, even though the unemployment rate rose to 10.2 per cent from 9.9 per cent in June, the government said Tuesday, reports AP.

The seasonally adjusted data were significantly better than most economists had expected. Bernhard Jagoda, head of the Federal Labour Office, said the unadjusted figures make the job market "look worse than it really is."

Unadjusted figures usually show a loss of jobs in July because many factories and job training programmes shut down for summer holidays. But the seasonally adjusted figure, the one most closely watched by economists, looks more optimistic because it is averaged over a period of time.

the number of qualified chartered accountants will drop substantially as the number of audit and accounting firms will get reduced under the additional burden of the proposed VAT, he alleged.

He feared that if the local CA firms are closed, there would be a vacuum in this sector and foreign firms would come here to fill it.

At present, some 221 chartered accountants are engaged in the profession in 170 audit firms. The total number of chartered accountants in the country is 675, of which some 150 are serving abroad and the rest working in other

firms. Besides, some 3,200 articulated students are also working under the audit and accounting firms. Their future will also become uncertain if the CA firms are forced to cease practising because of the imposition of VAT.

The ICAB leaders pointed out that the VAT system in this sector would not be an economic one as the administrative cost and other expenditure would be higher than the estimated amount of collection from the CA firms.

They said CA firms are working to bring in transparency, accountability and credibility in the accounts of government and non-govern-

ment companies that help the overall economic activities of the country.

The number of CA firms constitutes only 0.61 per cent of the total professional practitioners including doctors, engineers, lawyers and tax consultants. But the other professionals are still out of the VAT net.

ICAB vice presidents Md Anisur Rahman and Abbas Uddin Khan, council members Jaimul Abedin, Zahir Uddin Ahmed and Howader Mahfel Huq and fellow member Amanullah Khan were present at the press conference held at the VIP lounge of Jatiya Press Club.

BCI terms budget '96-97 unique

Bangladesh Chamber of Industries (BCI) has hailed the national budget for fiscal 1996-97 discussing it as unique one, reports BSS.

The member of Board of Directors of BCI at an emergency meeting on Tuesday with its president A M Subid Ali in the chair, also appreciated the Finance Minister's frank confession of losing Taka 2,300 crore this year alone by state-owned enterprises which would otherwise, have increased gross domestic savings by two per cent in Bangladesh and suggested to privatise them without further delay and appealed to the government to stop pouring money to the oven of subsidy and reduce this cancerous national wastages once and for all.

BCI commended the highest allocation for education and transport sector, more allocation to health and family welfare sector than in previous year, the proposed 47 per cent Annual Development Programme (ADP) for 1996-97 being financed by domestic resources, setting up of agricultural subsidy fund of Taka 100 crore in the ADP.

The chamber also hailed reduction of duties on agricultural inputs and equipments, tins/jars for agro-processing industry subsidising 80 per cent of interest cost on the credit for purchase of irrigation equipment and other agricultural equipment for the acceleration of development in the agricultural sector.

BCI welcome a block allocation of Taka 100 cr fund for new poverty alleviation projects benefiting poor, the setting up of Palli Karma Sahayak Foundation (PKSF) with Taka 135 crore as capital to provide micro finance for micro credit generating employment. For micro credit projects the budget has also allocated Taka 100 crore from revenue and development budget.

BCI welcomed the Finance Minister for taking up an experimental scheme on a limited scale for the rehabilitation of sick specialised textile and power loom industries but maintained that the government has not gone far enough to rehabilitate the other sick industries recognised by the previous government which often referred by Prime Minister Sheikh Hasina.

British envoy pledges to expand coverage of TIC programme

The British High Commissioner in Bangladesh, Peter Fowler yesterday said a further phase of support should be agreed shortly to expand the coverage of the Training and Internal Consultancy (TIC) programme through partnership with a Bangladeshi training institute, reports BSS.

He stressed the importance of the manufacturing sector to the country's future growth prospects and the role that would be played by market based reform as well as the need to upgrade management skills and efficiency, a High Commissioner press release said.

The High Commissioner was inaugurating a high level seminar on the TIC project at the Bangladesh Chemical Industries Corporation (BCIC) auditorium here.

The project is funded by the British government's Overseas Development Administration (ODA) and has been continuing for the last five years in Bangladesh under the aegis of the British Council.

TIC is aimed at bringing about improvements in the financial performance of industrial enterprises through management training, followed by the development and implementation of efficiency improvement programmes within the enterprises. This approach has proven successful in achieving profitability improvements by the participating companies. The beneficiaries have been the public sector manufacturing enterprises of BCIC, Bangladesh Sugar and

Food Industries Corporation (BSFIC) and Bangladesh Steel and Engineering Corporation (BSEC), and private sector enterprise Beximco pharmaceuticals from this year. Apex Tannery and Prime Textiles have also been included in the programme.

A K Adhikari, Additional Secretary of the Ministry of Industries, speaking at the seminar drew attention to the demonstrated success of the TIC project and welcomed the High Commissioner's pledge of support.

Senior officials of the ministry of industries, chairmen of public sector corporations, representatives of donor agencies and the trainees from the participating enterprises attended the seminar.

Demand for tea strong, but rates lower at Ctg auction

CHITTAGONG, Aug 7: The tea sale held here Tuesday met strong demand but lower rates prevailed for the second consecutive week, reports UNB.

Market sources said there was more demand this week, from both export and internal buyers, but prices were generally lower than last week. However, there was some competition and prices were about steady.

Poland absorbed the bulk of the Bold Brokens while Russia operated for a fair quantity of Large Brokens.

Sudan and Jordan resumed buying after an absence of many weeks and lent a fairly good support.

Pakistan and Afghanistan were in the market and operated quite actively. Major blenders were quite active for good liquoring types. As a result, there were less withdrawals this week compared to the last.

CTC Brokens: Bold brokens were slightly easier and generally sold between Tk 44/50 and Tk 45/- whilst Large brokens were also easier selling between Tk 41/- and Tk 42/ Mediums were about steady.

Smaller brokens met with more demand and generally declined by Tk 1/- to Tk 1/50 and where there was competition were about steady. Popular types met with improved en-

quiry and sold between Tk 44/- and Tk 51/80. CTC Fannings: Fannings met with more enquiry although prices were generally lower by Tk 1/- to Tk 1/50. However, good liquoring types declined by 50 paise to Tk 1/- following competition.

Plain fibrous types met with some support but were generally discounted by Tk 2/- to Tk 3/-. Popular types met with more interest and sold between Tk 45/- and Tk 50/10. DUST Catalogue: 3,385 chests, 593 gunny sacks 83 bags and 44 chests of old season on offer met with a fairly good demand.

Liquidity management in banks

By Faisal Anwar

Isn't it peculiar to hear that banks which usually represent source of money, is running short of cash? Well, this is exactly what the commercial banks in town are fighting against for almost last couple of months. Lets look a little deeper into banking operations to understand how it maintains cash flow liquidity.

The banking sector of the country is looked after by the central bank (Bangladesh Bank). As part of its numerous commitments the central bank supplies to and/or withdraws from, the banking system enough cash to maintain equilibrium in the demand and supply of money.

The various reforms those took place in the financial sector and country's foreign exchange arena from 1991, brought opportunities for huge investments specially in the textile and associated sector. Increased demand for funds put commercial banks under pressure and most of them failed to maintain proper matched asset/liability book. Banks began to fund their long term assets with short term liabilities that is cheap call money or short term deposits.

On the other hand, commercial banks invested heavily in fixed coupon government bonds, floated to finance term projects for state owned enterprises, as these government bonds qualified for mandatory SLR (Statutory Liquidity Ratio) requirement. Bonds are not readily discountable before maturity.

Huge investments in government sector project, could not flourish timely and thus failed to generate adequate cashflow for loan repayments. Looking at the low interest rate trend in the time of floating these bonds, government did not think necessary to make any provision for payment against these bonds. It was thought that the bonds could be entirely renewed. Foreign aid and disbursement stood below the level of expectation as government annual development programme ran heavily out of its own resources.

This imperfect market situation caused liquidity crunch in the banking sector in last April (1996) when interbank call money rate shot up to all time record high of 26 per cent.

Anticipating this situation the central bank as a lender of last resort came up with an

unique solution. Commercial banks were allowed to hold foreign currency fund with central bank as SLR, without any interest. This gave a temporary ease to the liquidity crisis, but only proved to be a means to an end not an end to the problem, since banks were discouraged due to loss of opportunity (interest) income. Plus generating foreign currency holding is a problem for the local banks unless it comes from customer base. The central bank also considered rediscount facilities for the really distressed banks. However they (including the economists) were not comfortable with cause of liquidity crisis and again attributed it to ill funds management in the commercial banks.

To bring stability in the country's money market, Bangladesh Bank may encourage commercial banks to develop USD/Taka swap market. Presently, commercial banks cannot borrow low interest bearing US dollar from overseas counterpart and swap it with high interest bearing local Taka. To generate additional liquidity in the system, central bank may cut its cash reserve ratio (CRR). An inter-

bank term money market/forward forex market should also contribute towards improvement of the position.

In order to develop a secondary bond market central bank should facilitate and encourage commercial banks to trade Bangladesh Bank and treasury bills. In the time of crises, central bank may even think of intervening in the market by introducing emergency fund on the basis of daily auction, in addition to the existing rediscount facility provided at par with bank rate. A structured Repo (repurchase) market can also ease the situation.

Despite political instability for more than one year, there is still good prospect for booming investment.

However, huge government sector borrowing and imprudent funds management in the banks can again create liquidity problem in the market. Thus, to establish a sound and stable money market (with proper instrument) in the country the government, central bank and the commercial banks will have to work un-

edgedly and prudently. (The writer works as money market dealer with Standard Chartered Bank).

US indicates opposition to Turkey-Iraq trade

WASHINGTON, Aug 7: The United States indicated yesterday that it opposed Turkey's request for an exemption to trade with Iraq and said Ankara could be compensated for lost revenue by other means, reports AFP.

State Department spokesman Nicholas Burns said the US government will examine Turkey's request to the United Nations, but noted that its claims could be addressed in the Iraqi oil-for-food plan.

Under an agreement reached in May between Iraq and the United Nations Baghdad will be allowed to sell two billion dollars of crude oil every six months in pay for food, medicine and other supplies.

Unemployment in Pakistan

ISLAMABAD, Aug 7: Government statistics published Wednesday revealed Pakistan's jobless rate was about 4.8 per cent last fiscal year, but a newspaper said concealed unemployment pushed that figure closer to 20 per cent, reports AP.

By the government's accounting 1.78 million people were out of work during 1995-96, an increase of about 30,000 people.

Those figures, however, don't include the millions of people who work only a few hours a week or are not paid for their labors, the English-language daily The News reported.

Government employment figures include domestic helpers and many farm-labourers who are unpaid, the newspaper said.

Together, the government's unemployment figures and so-called concealed unemployment inflate the jobless rate to almost 20 per cent, the newspaper said.

Of Pakistan's 36.7 million-strong labor force, about 10.79 million are employed in rural areas, government statistics showed.

About 122,000 Pakistanis traveled abroad for work last fiscal year, the government said.

Russian miners threaten nationwide strike

MOSCOW, Aug 7: Russia's Independent Miners' Union threatened yesterday to stage a national coal strike on August 25 unless the government paid their wages and forced other companies to settle their debts to collieries, reports Reuter.

Union Chairman Vitaly Budko said salary arrears to miners had reached 1.7 trillion roubles, with many not paid for several months. Coal companies were owed a further six trillion roubles.

The biggest debtor was the national electricity generator, unified energy system, he said: "The problem of non-payments is an issue for the government to tackle. Why should miners suffer?" Budko told a news conference.

"If the government does not fulfill our demands, we will start the strike on August 25," Some 11,000 miners have been on strike for nearly a month in the far eastern region around Vladivostok, although union officials there said strikers had started returning to work following a visit by Fuel and Energy Minister Yuri Shafraunik and the head of Russia's main coal mining company Rosugol and the payment of some wage debts.



AVS Reddy, Director, CIRDAP speaking at a special seminar on 'Strategies for poverty alleviation: Success or otherwise' organised by Rotary Club of Dhaka Midcity.

Advertisement for 'অর্থ ঋণ আদালত আইন ১৯৯০-এর ৫ক ধারা মোতাবেক বিবাদীর প্রতি নোটিশ' (Notice to defendant according to Section 5 of the Money Lending Act, 1990). It details the legal process for debt recovery and mentions the involvement of the Ministry of Law and Government Secretariat.

Tender Invitation Notice from the Government of the People's Republic of Bangladesh, Office of the Executive Engineer, Habiganj Public Works Division. It details the construction of a 100-bed Sadar Modern Hospital and other facilities, with a tender notice number EE Habi 2(S/DE/M) 1996-97.

Advertisement for 'গণপ্রজাতন্ত্রী বাংলাদেশ সরকার' (People's Republic of Bangladesh) regarding 'সংক্ষিপ্ত দরপত্র আহ্বান বিজ্ঞপ্তি নং ৬/১৯৯৬-৯৭ইং' (Short Tender Invitation Notice No. 6/1996-97). It provides details on the tender process, including the location (Dhaka), dates, and contact information for the Public Works Division.