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HYUNDAI

CARS THAT MAKE SENSE

Cascading effect amounts to 50 pc

Dealers demand withdrawal of 25pc surcharge on reconditioned cars

Reconditioned vehicles importers and dealers yesterday demanded withdrawal of the additional tax-load on automobiles and suggested that reconditioned cars be allowed to be imported for use as taxi-cabs, reports UNB.

The auto market will face a severe slump as the supplementary tax has led to an abnormal price-hike of motor vehicles," said Abdul Haque, President of Bangladesh Reconditioned Vehicles Importers and Dealers Association (BARVIDA).

Addressing a news conference at a city hotel, he focussed on the impacts of new tax measures on the reconditioned vehicles market and said the expected revenue would not be collected from the sector due to the duty-load.

The BARVIDA chief also mentioned the double taxation on motor vehicles, saying that although the new budget proposed 25 per cent supplementary tax, the actual tax would increase by 50 per cent.

He said the supplementary tax would be levied on the price after payment of duty on the invoice value of a vehicle. There has already been 25 per cent

supplementary tax on the vehicles over 1600 cc.

Moreover, value added tax (VAT) at 15 per cent on the total price would have to be paid, he said, adding that the VAT would now stand at 35 per cent of the invoice price of an automobile.

Also, the increase tax on the reconditioned vehicles and the reduced duty for import of taxi-cabs have created a major discrimination that would ultimately result in instability and distortion in the market, the BARVIDA president said.

Giving an example, he said a vehicle above 1300 cc would now have to pay a total duty of 153 per cent while the duty rate for taxi-cabs has been proposed to be reduced to 31 per cent.

"We are not against introduction of taxi-cabs. But service should be introduced after enacting the Emission Control Act, Motor Vehicles Act and some other necessary regulations," said Haque, the owner of Haq's Bay.

He said the government has apparently taken ad-hoc measures to introduce taxi-cabs without preparing grounds and suspected that the duty reduction in the budget might be used

to protect the interest of a particular group.

Indicating the group, he informed the newsmen that when a world class Japanese new taxi-cab will cost not less than Tk 12 lakh, an Indian Ambassador-type taxi can be imported at Tk 5-6 lakh.

Haque said it is clear that the government has opted for a tougher duty rate to mobilise more duty and revenue, but in reality the move would not succeed because of economic reasons.

Giving statistics, he said imports of motor vehicles are falling since 1995 when a total 22,178 motor vehicles were imported through Chittagong port, followed by 11,692 in 1996 and 4,000 in six months of 1997.

Import of motor vehicles might fall further due to rise in prices, he said, informing that price of a 1300 cc car would rise by Tk 68,000 a 1500-1600 cc car by Tk 150,000, for 1800-2000 cc by Tk 225,000 and above 2000 cc by Tk 460,000.

The BARVIDA president said if a second channel is opened for import of vehicles in the name of taxi-cabs without enacting proper rules and regula-

tions, there is a possibility of another spell of corruption and tax evasion as in 1985.

He said the government in 1985 allowed import of cars in the name of taxi-cab at 40 per cent duty, which had distorted market, but those who imported the vehicles never operated them as taxi-cab.

Haque demanded enactment of Motor Vehicles Dealers Act to make the dealers responsible and also urged the government to allow import of reconditioned vehicles for use as taxi-cabs.

He also suggested total withdrawal of the newly proposed supplementary tax on station wagons up to 1600 cc, withdrawal of the additional supplementary tax on cars up to 1600 cc and jumps up to 2000 cc.

The BARVIDA chief also demanded of the government to ensure that there would be no double taxation. He demanded equal registration fee for both reconditioned and new vehicles, and introduction of road tax.

BARVIDA leaders Alauddin Bhuiyan, Tareq Hossain Russel, WK Khan and MA Hannan were, among others, present at the press conference.

MCCL, BEA express concern over situation in Monno Ceramic

Metropolitan Chamber of Commerce and Industry (MCCL) and Bangladesh Employers' Association (BEA) have expressed grave concern over the situation prevailing in the factory of Monno Ceramic Industries Ltd, reports UNB.

"We have been deeply concerned over the manner in which the anti-social elements, in the guise of trade unionism, have taken over the factory," MCCL president Samson H Chowdhury and BEA president Abdul Awal Minto said in a joint-statement yesterday.

It is regrettable that in spite of the extensive damage they caused to the factory premises, machinery and property, no action has been taken against them and they have been allowed to remain within the factory, disrupting production of 100 per cent export-oriented industry, the statement said.

The troubles are being created by outside elements who want to capture the existing unions and take over union leadership, the leaders observed.

They also called upon the government to take emergency steps to ensure resumption of production in the factory.

Tokyo terms surplus temporary event

Clinton warns of economic war if Japan's trade surplus booms again

DENVER, June 23: President Bill Clinton warned Japan on Sunday that it risked an economic war with the United States if its trade surplus started exploding again, report agencies.

"If we return to a time when we've got exploding trade deficits then that will once again move front and centre into our relationship in a way that won't be good for either country," Clinton told a news conference.

Meanwhile, Japanese Prime Minister Ryutaro Hashimoto dismissed fears over Tokyo's rising trade surplus, saying it was only temporary.

He also told reporters after a summit of eight world powers here that Japanese monetary authorities did not want "excessive changes" in foreign exchange rates following the yen's comeback against the dollar.

Japan's climbing external surplus has alarmed Washington and weighed on summit participants, here but their economic statement overnight stopped short of applying strong pressures on Tokyo to correct the imbalance.

Japan last week reported that its trade surplus tripled in May from a year earlier. US officials are worried that the rise is the start of a steady climb in the surplus back to levels that

in the past have led to trade friction.

Clinton said that two countries had made much progress over the past 4-1/2 years in resolving their trade problems so there was no longer a "structural economic war" between them. But he made clear that he was worried that could change.

Speaking after the close of a summit of industrial nations here, Clinton voiced concern

that Japan's plan to slash its budget deficit could sap economic demand at home and force it to rely once again on exports to spur growth.

"The decision by the Japanese government to try to pursue a path of fiscal austerity, driven in part by the desire to prepare for the ageing of the Japanese population, runs the risk of going back to the old export-driven strategy of growth," the president said.

As part of the budget tightening, Japan raised its consumption tax on April 1 in a move that US officials worry will reduce Japanese consumer demand, prompting Japanese companies to look overseas for sales.

Clinton acknowledged that the United States could not tell Japan not to prepare for the ageing of its population. "We'll just have to work through those conflicts," he said.

Japanese Prime Minister Ryutaro Hashimoto, speaking at a separate news conference here, blamed the rise in Japan's trade surplus in May on temporary factors and said he did not expect it to continue to climb significantly.

"I do not think that Japan's trade and services surplus will increase significantly," Hashimoto, speaking through an interpreter, said.

Govt okays 3rd Rubber Dam in country

The Planning Commission has approved the Rubber Dam cum bridge on Bhogai river and related area development project at a cost of Taka 7.04 cr, says a press release.

The project will be implemented jointly by LGED and Department of Agriculture Extension during 1996-99 period.

The third and the longest Rubber Dam of the country having 100m length and 4m height with a 100m bridge on it will be constructed by LGED at Jamirakanda in Jogania union of Nalitabari thana under Sherpur district.

Seminar on Sony New Product Introduction held

A one-day seminar on Sony New Product Introduction and Trinitron Colour TV was held by the Rangis Electronics Ltd. at a local hotel in Dhaka Sunday, says a press release.

Aktar Hussain, Managing Director, Rangis Electronics Ltd; Takinaga, Managing Director, Asia Marketing Company; Nomura, General Manager, Asia Consumer Sales and Kusano, General Manager, Consumer Marketing Asia and other senior members of the delegation — Kadokura, Shotani and Harley Tanaka Sony International, Rangis Electronics Dealers from all over the country and other guests were present at the seminar.

The Managing Director of Rangis Electronics Ltd, Aktar Hussain in his welcome address told that the presence of distinguished guests from Sony International proved their support for Rangis Electronics Ltd. in their efforts in marketing Sony products in Bangladesh.

This visit will usher in a new era of cooperation between the two companies. He also explained their Expansion and Better Customer Service '97 policy in the seminar.

Under this programme, the idea of opening more Sales and Service Centres all over the country is to advertise Rangis Electronics Ltd. products more vigorously and to promote awareness of the customers about their products so that the customers can select their desired items in the Sales and Service Centres and after knowing its full features buy either from sales centre or from the nearby dealer's shop.

Takinaga, Managing Director, Asia Marketing Company, expressed his thanks for the promotional activities of Sony products in Bangladesh by Rangis Electronics Ltd. He mentioned such venture as a milestone in the field of cooperation between Sony International and Rangis Electronics Ltd. He also expressed his thanks to the customers of Bangladesh for their confidence in Sony.

Worst of oil price slide through: OPEC

VIENNA, June 23: OPEC is hoping it has gone through the worst after the price of oil recently tumbled several dollars a barrel, reports AP.

The oil ministers are likely to be in damage-control mode — hoping to avoid any words or action that could further upset markets — as they meet this week to discuss the output ceiling that some members are blatantly ignoring.

There likely will be some grumbling about some members — particularly Venezuela and Nigeria, cheating on their production quotas — but analysts don't foresee any tough decisions being made by the 11-member Organisation of Petroleum Exporting Countries.

OPEC is getting about 17 dollars a barrel for its oil, down from an average of close to 19 dollars a barrel in May and more than 20 dollars per barrel during the first quarter.

It's not low enough for them to hit the panic button," said Leo Drollas, chief economic of the Center for Global Energy Studies in London.

Analysts predict that OPEC will roll over its production ceiling of 25.033 million barrels a day — and hope to avoid any disputes that could prompt

traders to sell oil.

"Probably OPEC is hanging on and hoping this is as bad as it gets," said Peter Bogin, associate director of Cambridge Energy Research Associates in Paris.

OPEC's official cap on oil production is largely symbolic, because the oil states are believed to be pumping closer to 27 million barrels a day.

Since the price has not collapsed, there is no incentive for the cheaters to cut back and, as usual, there is little rest of the group can do about it even though OPEC is far short of its target price of 21 dollars per barrel.

"There's no more 'they' in OPEC," Bogin said. "It's really 11 different countries with 11 different views on the oil market. OPEC doesn't speak with its own voice."

It's hard to come to any conclusions on something as important as the quotas," Bogin said.

But Iran's oil minister, Gholamreza Aghazadeh, said cheating could be an important topic of discussion at the meeting that formally opens Wednesday. Ministers will hold a variety of sessions in smaller groups before that.

Security Printing's new MD

A H Tawfique Ahmed, Executive Director of Bangladesh Bank, has recently joined the Security Printing Corporation as its Managing Director, says a press release.

After obtaining post-graduation degree from Dhaka University, he started his career in the then Pakistan Academy for Rural Development in the year 1967. He joined the erstwhile State Bank of Pakistan at its Central Directorate Karachi as a direct recruit officer class-I in 1970.

He studied a six-month long course on rural credit in the University of Philippines and the IIRI. He participated in a seminar on small farmers credit in Washington DC and made study tours in a number of states in the USA in 1978.

In the year 1988, he attended a course on "operation and management of federal reserve system" in the Federal Reserve Bank, New York. He visited World Bank US Deptt. of Agriculture, US State Deptt.

In 1994, he attended central bank bond seminar in Tokyo, Japan.

Ahmed is an overseas fellow of EDI of World Bank.

Computerisation of City Bank Ltd

The City Bank Limited has signed an agreement with M/s Leads Corporation Limited to computerize banking operation in all the branches and Head Office, says a press release.

The two sides signed the accord on Sunday.

The bank plans to computerize at least 14 of its branches before the end of this year and rest of the branches will be automated in phases to improve client service and for better management control.

The branches will be connected with each other in phases to provide 'any branch banking' facilities to the clients. 'Teleaccount' facilities will also be provided to the clients to know their account balances.

M Shafiqul Alam, Senior Vice-President (Admin) and Md Delwar Hossain, Senior Vice-President (Computer) of the City Bank Limited and Shaikh Abdul Aziz, Managing Director of M/s Leads Corporation Limited signed the agreement.

'China willing to further boost econ ties with Dhaka'

China is willing to further enhance economic and trade ties with Bangladesh, says a press release.

This was stated by the Chinese Ambassador in Bangladesh, Wang Chun Gui, at a discussion meeting on 'prospects of Sino-Bangladesh joint venture projects' held at a city restaurant on Saturday.

The meeting was organised by the Bangladesh-China Cultural, Economic and Mass Communication Centre (ECCMCC) on the occasion of its 10th anniversary of the founding.

The Chinese Ambassador, who was the chief guest at the meeting, said his country wants to open up new fields of cooperation and write up a fresh chapter of China-Bangladesh ties.

He said China's policy regarding Hong Kong after the restoration of its sovereignty

on July 1, 1997 is "one country, two systems", successful practice of Deng Xiaoping's scientific idea of reunifying the motherland, "rule of Hong Kong by Hong Kong people" and a high degree of autonomy.

Among others, Workers Party General Secretary Rashed Khan Menon, JSD General Secretary Hasanul Haque Inu, former ambassador MM Rejaul Karim, former secretary Hashinur Rahman, noted journalists MA Matin and Ehsanul Kabir, former high commissioner Tahmina Khan Doly, Engr. Abdul Mannan Khan and Md. Aminul Haque Amin took part in the discussion.

A special paper on the subject was read by Md. Tofazzal Hossain and Secretary General Alhaj Md. Ali Akbar Babul made the welcome speech.

The function was presided over by Engr. FR Siddiqui.

Shipping Intelligence

CHITTAGONG PORT

Berth Position and Performance of Vessels as on 23.6.97.

Berth No	Name of Vessels	Cargo	Port	Local Agent	Date of Arrival	Date of Leaving
J/1	Joint Chris	GI	Sing	Prog	20/6	26/6
J/2	Al Salma	GI/CL	Yang	ASL	21/6	26/6
J/5	Irene-6	GI	Buss	Oil	19/6	24/6
J/6	Arktis Sky	GI	Sing	TSL	20/6	25/6
J/7	Asian Harp					
J/8	(Roro/24)	Vehi	Yako	BBA	22/6	23/6
J/12	Pioneer Elegant	GI	Sing	Radiant	22/6	27/6
CCT/1	Padma	Cont	Sing	PSI	19/6	25/6
CCT/2	Dragon Sentosa	Cont	Sing	Baridhi	18/6	24/6
CCT/3	QC Teal	Cont	Sing	QCSL	18/6	24/6
CCJ	Banglar Shobha C	Clink	Kara	BSC	26/5	25/6
GSJ	Banglar Asha			BSC	R/A	23/6
TSP	Ya Mujer	Sulp	Sarja	USTC	03/6	28/6
RM/4	Yun Hua	Cement	Dali	PSAL	13/6	23/6
DOJ	Banglar Jyoti	C Oil	Para	BSC	R/A	26/6
DD	Penguin	Repair	Mumd	Cross	31/5	24/6
DDJ/1	Tanary Star	Idle	Chand	PSAL		
DDJ/2	Barge Jamuna-V			Karna	R/A	26/6
RM/5	Banglar Kiron	Repair		BSC	R/A	24/6
RM/9	Banglar Kakoli	Repair		BSC	R/A	24/6
CUFLJ	Blue North	Cement	Qing	PSAL	3/6	
Kafuou	Sea World	Urea	Mong	Litmond	13/6	25/6

Name of Vessels	Date of Arrival	Last Port	Local Agent	Cargo	Loading Port
Elbe Star 12/6	23/6	Col	BDSHP	Cont	Col
Qc Pintall 15/6	23/6	Sing	QCSL	Cont	Sing
Kota Selamat	23/6	Sing	Pil (Bd)	Cont	Sing
Helios-II	23/6	P Said	Ancient	Wheat (G)	Sing
Rafflu	23/6	Mong	MTCL		

Name of Vessels	Date of Arrival	Last Port	Local Agent	Cargo	Loading Port
Sitara	23/6	Sing	ECSL	MS/Jet-1	
Aniva	26/6	TSL	PSAL	CPO/RBD PS	
Dignity	26/6	Juba	ECSL	HSD	

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
Ismaya		Sing	B Bay	25/6
Mighty Tide		Sing	B Bay	R/A 01/5
Smit Lloyd-72		Sing	B Bay	R/A 14/6

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
M. Regina (Cont)	Cont	Sing	Pil (Bd)	21/6
Kota Bintang (Cont)	Cont	Sing	Pil (Bd)	22/6
Vientiane	GI	Cal	Fairmax	23/6
Ib Everett (48)	GI	Sing	Everett	23/6
Mizoram	GI	Mad	SSL	23/6
Banglar Moni (Cont)	Cont	Sing	BSC	23/6
Prospathia	Cement	Sing	USTC	18/6

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
Thetis-K	Cement	Yantai	PSAL	21/6

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
Pioneer Rossi			JF	R/A 15/6
Techmat Pioneer			PSAL	R/A 16/6
Sea Bird (Ex Mare)	Urea		Litmond	R/A 16/6
Pukchang			Litmond	R/A 18/6
Banglar Shourabh			BSC	R/A 22/6

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
Nickolas	Cement	Lans	Jaycee	11/6
Hydroussa	Ballast	Monr	OTL	21/12
Pilefs	Scraping	Hoan	GEL	3/3
Ib Ivan Moskvitin	Scraping	Sing	AIIZ	14/6
Sha He Kou	P Cargo	D Sala	Karna	19/6
Ena Supply-1		Sing	BSC	20/6
Banglar Sampad	Scraping		BSC	R/A 17/1

Outgoing	Incoming	Shifting
J/5	Irene	CCT/2
J/7	IB Everett	DD
CCT/2	D Santos	Penguin to RM/9
CCT/3	QC Teal	
RM/9	B Kakoli	

The above are the shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Loan defaults and classification: A dimension in complex environment— Part-3

By M Khairul Alam

Despite political and economic turmoil in 1996, some of the commercial banks made recorded earnings but the quality of the earnings rests on many factors. The bank officials, to protect their jobs, reputation, and for other considerations sometimes do not hesitate to undertake huge risks with depositors' and shareholders' money. Part of the blame may also be laid on raising interest rates and other costs of borrowings, incompetent management and lax oversight. But the main lesson of the crisis is the 'moral hazard' and accommodation/entertainment of 'directed loan'.

It has, therefore, become a dire need to adopt a realistic and pragmatic approach to arrest further deterioration of assets and recover the past dues of the banks to recycle and improve sluggish economic activities. The following steps, if adopted may benefit the fractured banking industry:

1) Existing and proposed classification and provisioning standard should be rethought. Given the social, economic and political environment, loans may be reviewed annually and provisioning requirement

against substandard loans should not exceed 10 per cent of its value. General provisioning requirement on unclassified loans should be dropped for a limited period and this should be applicable to problem banks only.

2) Capital machinery under bank's hypothecation should be treated as eligible security while determining provisioning requirement.

3) Interest held in Suspense Account (unrealised interest amount) should not be accounted for while assessing income tax.

4) Existing tax free loss provisioning limit of 5 per cent should be increased to 10 per cent.

5) Banking industry should remain accountable to Bangladesh Bank only and remain free from outside influences.

6) To speed up loan recovery, commercial courts should be set up and their number should be increased to dispose of the cases quickly.

For that matter the judges should be well-acquainted with modern banking transactions and be absolutely free from other government assignments.

Final disposal of the case should be made within one year. To meet the requirement of the day traditional legal framework should be updated and necessary laws should be enacted accordingly.

7) Bank management should pay special attention to improving the quality of its human resources. Norms and practice of result-oriented management in place of activity-oriented management may improve the delivery system of the traditionally managed banks. A result-oriented management promotes sense of belongingness and sense of participation, and breaks ego based compartmentalised management psyche in the organisation.

Recognition and promotion of the real performers, profit related pay, transparency and accountability of the management, automation of bank operation etc. may generate skill and efficiency in the banking sector.

8) The costs of deposits and bank loan should be kept at a rational level. Very high cost of bank loan may sometime lead

to classified advances.

9) In the absence of readily available data and information from borrowers, preparation of a credit proposal takes a long time. Moreover, credit sanctioning and disposal steps are also very lengthy. Borrowers generally have vague idea about banking requirements and also lack seriousness to comply with them. Loan sanctioning steps should be simplified and for that matter decentralisation of power to some extent with proper accountability is a must.

10) Inter-bank financial commitments and obligations on behalf of borrowers must be honoured and settled forthwith on demand without any reference to the court whatsoever. In the case of any dispute, the matter may