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100, Kazi Nazrul Islam Avenue, Dhaka-1215

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**HYUNDAI**

CARS THAT MAKE SENSE

Municipality limps in crisis as both government and business default

Tax target: Narayanganj stands nowhere

From Ehsanul Haque

NARAYANGANJ, Aug. 25: More than two thirds of targeted revenue remained unrealised in the last fiscal year, forcing the Narayanganj Municipality to shelve many of its development plans.

The outstanding money for 1996-97 is as much as 2.6 crores, out of an assessed Tk 3.64 crore, defaulted by both private and public sectors, municipal officials here said.

Only Tk 1.04, about 28 per cent came to the municipal coffers.

Collection was slightly better the previous year — Tk 1.04, about 32 per cent, against an estimated Tk 3.3 crore. The outstanding money has now accumulated to Tk 2.25, the pourashava officials said.

Different government organisations owe about Taka 62.51 lakh, while semi-government, autonomous bodies and private sector have not paid about Tk 1.98 crore. The number of holdings of Narayanganj municipality is about 9575.

Big defaulters are Kumudini Welfare Trust, with an outstanding amount of Tk 34.84, different private jute companies, with about Tk 22 lakh, Dhaka WASA Tk 9.55 lakh, Bangladesh Railway Tk 9.3 lakh, Bangladesh Jute Corporation (now-defunct) Tk 8.23 lakh, Chittaranjan Cotton Mills Tk 4.7 lakh, vested properties under the Deputy Commissioner (DC) Tk 4.06 lakh, Tolaram College Tk 3.15 lakh, Ranabir Roy Chowdhury Tk 3 lakh, Shaheed Muktiuddha Auditorium Tk 2.73 lakh, government primary schools Tk

2.89 lakh, Dhaka Electric Supply Authority (DESA) Tk 2.89, Government Mahila College Tk 1.91 and Laxmi Narayan Cotton Mills Tk 1.37.

A pourashava spokesman told The Daily Star that it would be very difficult to finance the development projects with such a huge money outstanding, while revenue expenditure kept going up.

"Much of the public sufferings is due to shortage of funds," the spokesman said. The officials claim they are also trying to streamline certain procedural matters to overcome the situation.

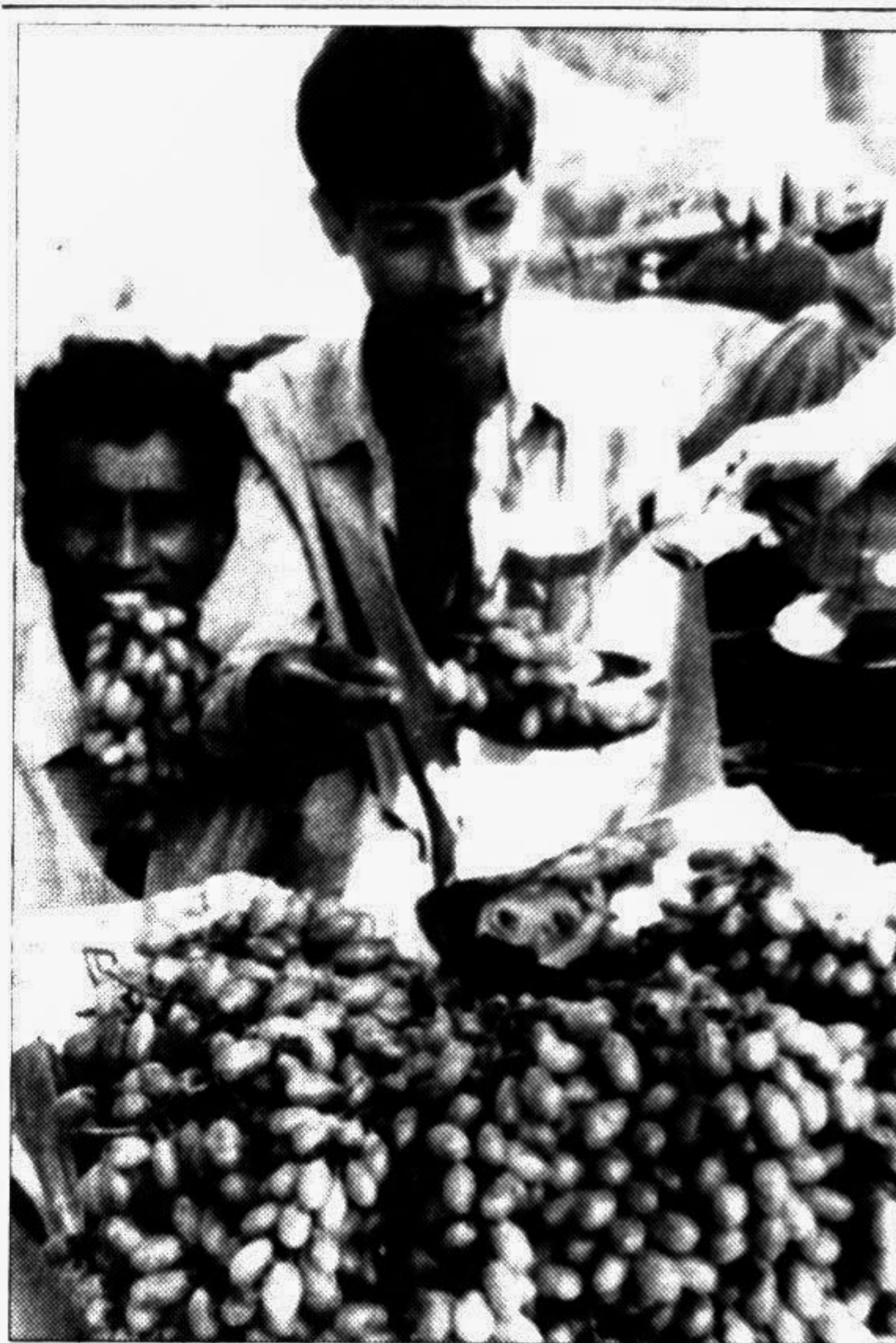
"The tendency has developed over the years among a section of citizens not to be serious about payment of the bills," an official said.

Collection increased remarkably after issuance of a government special circular in connection with the over-due taxes in 1973 and 1976. But nothing of that sort came in the following years. Other major causes cited by officials are political turmoil in the country and depressing jute business.

Sectorwise, jute has become the biggest defaulter. The municipality has no authority to take action such as confiscating immovable property of tax defaulters. Even the rich segment of the society gives a poor showing in this case, they say.

And when it comes to defaulting government departments, the municipal officials have very little to do.

The officials say they are planning legal proceedings against the defaulters.



GRAPES ARE SLIGHTLY SOUR: Coming from Pakistan, they are plentiful, but with a price tag of Tk 130 a kilogram. —Star photo by Enamul Huq

Plucky pests poach poor croppers

Poverty, say farmers. Policy, say producers. These issues pose problems for proper use of pesticides, while NGOs and environmentalists keep pestering.

By Reaz Ahmad

Farmers say they are too poor to buy pesticides, but producers of pest-killers feel there's more to it.

One of world's top pesticide manufacturers believes prejudice against use of pesticides, propagated mostly by NGOs and environmentalists, is also a problem, and calls for a policy guideline to deal with it.

Officials at Novartis say stockiest and retailers find low-quality pesticides coming from the other side of the border as the villain. The result is the crop protection efforts in Bangladesh are getting a bad name.

At a quiet hamlet in Comilla last Saturday, Novartis (Bangladesh) Ltd was talking to farmers in presence of a group of newsmen from Dhaka. Over 50 farmers assembled at Srimontopur High School in Chandina thana listened to a talk what the company titled 'safe use of pesticides'.

They listened and agreed that, if used judiciously and at a recommended dose, pesticides cause no or nominal harms to soil, aquaculture and ecological equilibrium. The growers however argued that the price they got for their produce left them with no option but to use pest killers at a much lower rate than actually needed.

Experts from Novartis, a merger of two Swiss companies Sandoz and Ciba Geigy creating world's number one agro-chemical producers, explained that use of lower-than-required quantity sometimes help pests develop resistance against the insecticides.

As agro-technology develops, and companies, both local and trans-national, put in greater marketing efforts than

ever before, farmers are only finding it costlier.

Kader Mia, a farmer from village Srimontopur, says even the better-informed peasants cannot always use pesticides according to prescribed doses. Their problem is money. Nurul Islam of the same village fully agreed.

The newsmen also visited 'Crop Protection Formulation Plant' of Novartis at Sholashahar, Chittagong. Novartis

range from insecticides to fungicides and herbicides. Novartis does sell seeds and sprayers as well.

There exists a dilemma over the use of pesticides in Bangladesh, says Sarwar Ahmed, executive director at Crop Protection. He did, of course, agree that over-doses of pesticides had detrimental effects on environment.

He calls for a clear policy guideline from the government



Money, they say, is the main problem.

(Bangladesh) Ltd. is jointly owned by Novartis AG of Switzerland and the state-owned Bangladesh Chemical Industries Corporation (BCIC), with the former holding 60 per cent shares. The company owns the lone pesticides manufacturing unit in the country, set up in 1982, in the premises of an abandoned industrial unit in Chittagong.

Crop protection products

about use of pesticides. "We will appreciate if NGOs working on life and ecology join hands with us in integrated pest management (IPM) drive." His argument is that idea of IPM is wrongly explained as 'no-pesticides'.

For its part, Novartis also tries to create awareness. It spends about two per cent of its proceeds from business in Bangladesh on awareness

building among farmers for safe use of pesticides.

Perhaps Novartis is in a position to do better. Sarwar Ahmed says the company's turnover of Tk. 83,000 crore in 1996 makes it world's largest life science company with 28 per cent of global market share in agro-business. Novartis topped world business in crop protection followed by a US company Monsanto.

But smuggled low-quality pesticides seem the key concern for the company and its dealers.

Novartis dealers and sales officers have one thing in common. Low-quality Indian pesticides are flooding the market, giving a real bad name to the business.

These bring quick and magical results but, cause severe harm to environment in the long run," says Rafiqul Islam of Tuhin Traders at Chandina Bazaar.

Farmers from village Srimontopur also agreed that banned items from India were just causing further damages to already-diminishing frog population and injuries to crop-friendly pests.

As part of its efforts to ensure safe use of pesticides, Novartis has come up with modern sprayers. Each 'JACTO' sprayer costs Tk. 2800 now, and farmers can buy it on 'interest-free' credit.

Farmers have some complaints about it. Last year, Novartis sold the same sprayer for Tk. 2400 but raised the price once it became popular. They also say Novartis products are costlier.

Novartis Finance Manager M Fakhruzzaman responds to the criticism: "We don't compromise our quality".

Revenue earnings in Jessore region fall short of target

From Our Correspondent

JESSORE, Aug. 25: Revenue earnings on customs duty in Jessore region marked a substantial shortfall of target during the fiscal 1996-97. It was down by nine per cent.

The revenue target of the Jessore office of Commissionerate of Customs, Excise and VAT was Tk 548 crore 50 lakh, but the total earnings stood at Tk 500 crore 14 lakh only.

During the fiscal 1995-96, the total revenue earnings were up by eight per cent. Of the target, it was Tk 453 crore 8 lakh and the earnings stood at Tk 491 crore 62 lakh, said the officials.

When asked Commissioner GHM Hafizur Rahman said the major cause of shortfall is the massive fall in the import from India during this fiscal year.

Explaining this, he said unlike previous years, as on record, LC (Letter of Credit) opened, was too limited in number. The ban on import of consumer items last fiscal year brought this result.

According to sources, due to the system of PSI (pre-shipment inspection) introduced in 1994, the revenue earnings have been adversely affected. The court order to release cargo without full payment of duties was another vital cause for revenue fall, the sources added.

Jessore office of Commissionerate of Customs, Excise and VAT comprises areas of greater Jessore, Kushtia and Faridpur districts including Benapole land port and Darsana.

Domestic credit growth slows in Philippine

MANILA, Aug. 25: Domestic credit in the Philippines grew by 28.3 per cent in June, the lowest recorded growth rate in over two years, the Philippine central bank said Monday, reports AP.

The central bank attributed the decline in credit growth to slowing demand and prudent monetary policies. The decline, it said, is "a strong indication of the absence of overheating in the economy."

Domestic credit growth has been decelerating over the past several months. Last September, for instance, growth swelled nearly 55 per cent. In recent months, tighter monetary policies aimed at stabilizing the peso-dollar rate have helped slow bank lending.

The central bank said domestic credit was channelled mainly into productive sectors of the economy, with manufacturing cornering the largest share.

Hence, credit growth is expected to improve the country's productive capacity, which will in turn help ease rather than build up inflationary pressures in the (coming) months," the central bank said.

Bangladesh seeks to woo Chinese jute buyers

State Minister for Land Al-haj Rashed Mosharrar arrived Beijing on Sunday for a 10-day visit to China to boost raw jute export to the country, report UNB.

The state minister who is leading a nine-member delegation will receive by Bangladesh Ambassador to China Mustafizur Rahman and senior government officers of the People's Republic of China at the airport, according to a message received here yesterday.

The delegation members include MP Prof Rezaul Karim who was former chairman of Bangladesh Jute Association, Giasuddin Ahmed, chairman of Bangladesh Jute Exporters Association and M Rezaul Karim, senior vice chairman of Bangladesh Jute Association.

During the trip, the delegation will visit Shanxian Jute Mill in Jiang today and attend business discussion aimed at striking a deal for increased supply of jute to this region which has a considerable demand for raw jute.

On return to the Chinese capital, the Bangladesh delegation will hold business discussions with the delegates from jute importing house/enterprises of Shanghai, Shandong and Dalian.

Bangladesh exported

700,000 bales of raw jute to China during the fiscal 1996-97. China is now the biggest importer of jute from Bangladesh.

The delegation would explore possibilities of exporting one million bales of jute during the current fiscal year.

Sundarban Textile incurs Tk 18 crore loss in 4 yrs

SATKHIRA, Aug. 25: The Sundarban Textile Mills in the district incurred a loss of Tk 18.02 crore during the last four years, reports UNB.

According to mill sources, it incurred a loss Tk 7.17 crore in the fiscal 1996-97 which was Tk 1.31 crore more than the previous fiscal year.

Of the loss, Tk 3.85 crore was from main unit of the mill and Tk 3.31 crore from Neel Fasal unit.

The Sundarban Textile Mills since its establishment in 1983 made a profit of Tk 24.80 crore till the fiscal 1992-93 but it started incurring losses after the period for want of cotton supply and less production.

The sources said it incurred loss about Tk 3.49 crore in fiscal 1993-94, Tk 1.5 crore in 1994-95 and Tk 5.86 crore in 1995-96.

SIA faces tough cuts to remain competitive

SINGAPORE, Aug. 25: Singapore Airlines faces some tough cutbacks to remain competitive. Prime Minister Goh Chok Tong warned on Sunday, mentioning pay cuts and changes in working conditions in his nationally televised speech, reports AP.

Goh did not specify what he had in mind for the employees of Singapore Airlines — consistently rated as one of the best in the world for safety and service.

But he said the national airline is in the same position as British Airways before pay cuts and changes in working conditions there brought on a costly strike earlier this summer.

"Singapore Airlines' future will not be easy," Goh said.

He said air fares, adjusted for inflation, had fallen by a third since 1988, while costs have gone up, especially for personnel.

Other airlines have taken bold and creative steps to cut costs, upgrade their fleets and improve the service levels," Goh said in his annual state-of-the-nation address.

He said Singapore Airlines, known as SIA, has taken some cost-cutting steps, such as having some aircraft maintenance done in neighboring countries where labour is cheaper.

"Further cuts will be harder," he said, "SIA management has to maintain a close relationship with union leaders as it restructures."

SIA must not only save costs, but also maintain and improve on quality service. It cannot do this without the whole-hearted support of its staff," he said.

24 int'l firms vying for oil exploration in Egypt

CAIRO, Aug. 25: A total of 24 international firms are vying for oil exploration rights at 15 off-shore and land sites in Egypt, Oil Minister Hamdi Al-Banbi said in a statement, says AFP.

Banbi, quoted by the Egyptian news agency MENA, said he expected more companies to join the fray before September 30 deadline for tenders.

The oil ministry invited foreign firms to take part in an international tender to win exploration rights in sites located in the Mediterranean Sea, the Gulf of Suez and Western Desert. Egypt's oil production slipped by 4.1 per cent for the 1996-1997 fiscal year which ended in June, reaching a total of 42.1 million tonnes compared to 43.9 million tonnes in the previous year.

Fourteen new oilfields were discovered during the 1996-1997 fiscal year, according to the oil ministry. In June, Banbi said that Egypt had discovered 816 oil wells across its territories since oil exploration was launched in 1886 and had crude oil reserves of 1.17 billion tonnes.

ROK's billions-dollar plan to prop up financial markets

SEOUL, Aug. 25: With its currency falling and banks struggling under mounds of bad loans, South Korea said Monday it will spend billions of dollars to prop up its shaky financial industry, reports AP.

A series of major bankruptcies has left South Korean banks with unpaid loans totalling 15 trillion won (16 billion dollars). With their credit ratings in question, some banks have had trouble borrowing abroad.

On Monday, the nation's currency, the won, fell to 904.8 against the dollar, the lowest level since South Korea removed tight controls on its currency in 1990.

As bad news mounted the government called a meeting of senior economic planners Monday and decided to intervene.

"The government has decided that comprehensive preventive measures to stabilise market sentiments should be taken to avoid unnecessary economic costs," the grim-faced Prime Minister Kang Kyong-shik told a news conference.

Analysts welcomed the measures as good news for the troubled foreign currency markets, but said the banks have more hurdles to clear.

Kang's package included four trillion won (4.4 billion dollars) in soft loans from the central Bank of Korea to Korea First Bank and other banks carrying the bulk of the bad loans.

The government also was putting together a separate 3.5 trillion won (3.9 billion dollars)

bailout loan package to buy non-performing loans from those faltering banks, Kang said.

"We are not fully convinced about its effectiveness until the government says how it is going to come up with all that money," said Park So-young, an analyst at Daewoo Securities Co.

But Park and other analyst welcomed the government's

Inflation rate of Indonesia may rise this yr

JAKARTA, Aug. 25: Indonesia will likely see an increase in its inflation rate this year to eight per cent due to the depreciated rupiah and the prolonged dry season, reports AFP.

A prominent economist from the University of Indonesia, Faisal Basri, said the auto, electronic, food, petrochemical and automotive component sectors would be hardest hit because of their dependence on imports.

"The impact will definitely be spread around," Basri said, quoted by the Bisnis Indonesia Daily.

He said the government would be unlikely to raise the prices of such staples as fuel, electricity, transportation, wheat of sugar, though other food prices could increase to the drought currently being felt in Java, the "rice bowl" of Indonesia.

plan to raise up to 8.5 billion dollar in foreign loans and deposits to ease a liquidity squeeze in currency markets.

To defend banks' credit standing and draw badly needed foreign deposits, the government said it will guarantee repayments of foreign money borrowed by private banks.

It also planned to increase the ceiling on foreigners' stock holdings to 26 per cent in October from the current 23 per cent limit.

Jitters about a possible financial market crash have spread in recent months as major players in South Korea's key industries such as autos and steel manufacturing went bankrupt.

Standard and Poor's a US credit ratings agency, changed South Korea's debt rating outlook to negative from stable earlier this month. In July, it placed five South Korean banks on credit watch.

For years, South Korean corporate giants poured billions of dollars in new facilities, financing the expansion with borrowing.

Some of the weaker began collapsing earlier this year when the economy slowed down, sales did not catch up, and banks threatened to call in their short-term loans.

South Korea posted a record trade deficit of 20 billion dollars last year. The value of its currency has continued to decline against the dollar.

Workshop on forex liberalisation tomorrow

A workshop on 'extent of foreign exchange liberalisation and how the business community can benefit out of it' will be held at DCCI auditorium in Motijheel tomorrow, says a press release.

The workshop is being jointly organised by the Standard Chartered Bank and Dhaka Chamber of Commerce and Industry.

It will be inaugurated by the Banking Secretary of the Finance Ministry.

DCCI President and Chief Executive of Standard Chartered Bank will be present at the workshop.

UPS presents final offer to union pilots

LOUISVILLE, Kentucky, Aug. 25: United Parcel Service has made what it describes as its final contract offer to union pilots, presenting pay raises and improved pensions in an attempt to head off a second labour dispute, reports AP.

Bob Miller, President of the Independent Pilot's Association, said he would present the offer to the 2,000 pilots but would remain neutral on whether they should accept it. The pilots refused to cross picket lines during a 15-day Teamsters strike that ended last week against UPS, the United States' largest package carrier.

"UPS has made its last, best and final offer," he said. "I'll submit the offer we received to the pilots and let them make their decision."

The company and union were back at the negotiating table for hastily scheduled talks following the settlement of the Teamsters strike.

Although UPS chief executive James Kelly acknowledged last week that the company could not afford another walk-out, the pilots cannot legally strike unless federal mediator Maggie Jacobsen declared an impasse and a 30-day cooling-off period.

The contract would give flight captains a 34 per cent pay raise during the next five years, from 153,000 dollars a year to 202,000 dollars. Pay for co-pilots would rise 56 per cent, from 84,700 dollars to 132,000 dollars, while flight engineers would receive a 34 per cent increase, from 48,392 dollars to 94,000 dollars.

The minimum pension paid to pilots would be 100,000 dollars per year after 25 years of service for their lifetime.

The talks, which were recessed in May, resumed behind closed doors early Sunday afternoon in Louisville after Jacobsen called a meeting to discuss a contract for the 2,000 union pilots.

Since December 1995, union pilots have flown under an old contract. The two sides mainly disagree on issues related to pay increases for the pilots and pension benefits.

UPS proposal will be mailed to union pilots. The result of the vote will be made by October.



US President Bill Clinton (L) applauds a fiddler at a fairground sideshow as First Lady Hillary Rodham Clinton (R) looks on Saturday at the Agricultural Fair on Martha's Vineyard, MA. The Clintons spent the first week of their three-week vacation playing golf, jogging and sailing. — AFP/UNB photo