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## Call for raising taxable income ceiling to Tk 72,000

Bangladesh tax lawyers association (BTLA) yesterday proposed to the government to relax the ceiling of taxable income at Taka 72 thousand from Taka 60 thousand, a press release said, reports BSS.

In a number of proposals submitted to Finance Minister Shah AMS Kibria, the association urged the government to remove the disparity in imposing taxes on income of both the government and the non-government officials. It also called for relaxing the corporate tax.

The proposals on the country's revenue and income tax were submitted to finance Minister Shah AMS Kibria by a delegation of BTLA headed by its president MA Salam Talukdar at a pre-budget discussion with the minister's office. Chairman of National Board of Revenue (NBR) Abdul Mueyed Chowdhury was present.

The association also recommended for making the income-tax return mandatory for all professional like teachers, and doctors and lawyers practicing for over 10 years in the divisional and district headquarters.

The delegation pleaded for amending and changing different clauses of the income-tax law for simplifying the process of income-tax collection.

Secretary General of BTLA Advocate Syed Ahmed, Advocate Mohammad Ali, Advocate Dabiruddin Ahmed and Advocate Mahub Alam were in the delegation.

## IFIC clarification

International Finance Investment and Commerce Bank Limited (IFIC) has issued a clarification of a news item about AB Bank under the caption 'AB Bank clarifies' published in The Daily Star recently.

The clarification says that there was a huge amount of shortfall in the plan and by-pothecation account of M/s Pacific Industries Ltd and Therapeutics (Bd) Ltd, 2 constituting units of Pacific Group of which M. Moshed Khan is the Chairman.

These Companies failed to discharge their obligation of debt servicing. At the request of the defaulting borrowers, the uncovered liabilities were converted into Term Loan and the entire outstanding liabilities were restructured to afford opportunity to these Companies for repayment of long overdue liabilities.

After the loans were rescheduled and liabilities secured by immovable assets, these Companies commenced payment but finally they failed to adhere to repayment programme. The loans therefore became classified hence overdue owing to application of classification rules.

Therefore, in terms of provision incorporated in Bank Companies Act for recovery of loans from borrowers who are directors of banks, notice was served for repayment of the liabilities.

## KAFCO records six months of uninterrupted production

The KAFCO plant at Anowara, near Chittagong has completed its sixth full month of continuous production, its longest ever. Production run without any shutdown.

This continues the trend over the last year to achieve record production rates at high operating efficiency, says a press release.

KAFCO normally exports the entire output from its 1500 tons per day ammonia and 1725 tons per day urea plant to markets like Australia and Europe.

Due to the shortage of urea in the Bangladesh market, KAFCO has diverted over the last six months 187,500 tons into the local market to cover shortfalls from domestic production.

## IMF okays \$4.9b loan release to Brazil

WASHINGTON, Apr 1: IMF Managing Director Stanley Fischer said here the fund's executive board has agreed, in support of Brazil's revised economic programme, to let the country borrow a further 4.9 billion dollars, reports AFP.

The latest credit disbursement brings Brazil's total borrowings from the International Monetary Fund to 9.6 billion dollars.

The IMF noted that Brazilian authorities also expect to draw 4.9 billion dollars from a loan facility arranged by the bank for international settlements and a loan from Japan.

Fischer said Brazil's external financing prospects have improved as a result of commitments made by Brazil's major private bank creditors to maintain their exposure to Brazil, as well as recent and expected disbursements from the World Bank and Inter-American Development Bank.

## Major ministry move to restructure financial sector

# Private bankers can now be NCB helmsmen

By Inam Ahmed

In a major bid to make the country's nationalised commercial banks (NCBs) market-oriented, the Finance Ministry yesterday approved appointment of private bankers as CEOs of NCBs.

A circular of the ministry yesterday said the search for managing directors of NCBs and financial institutions may be launched through advertisement and be selected through a competitive process.

According to sources, this major move to restructure the NCBs was based on the Pakistani experience where private talents have been inducted into the posts of CEOs of the state-owned banks.

It may be mentioned here that the Habib Bank, United Bank and National Bank of Pakistan have hired their CEOs from the private sector. All these CEOs came from reputed foreign banks. The first two banks had hired their MDs from Citicorp while the other had its MD from the Bank of America.

They said that this new system of employing private MDs would be introduced in a selected manner and the CEOs will have to fulfil certain targets.

"They would be given performance contracts," said a source. "Their salaries would also be fixed taking the job market into consideration."

In another move to put in better hands in the top posts of the NCBs, the government has

formed a five-member committee headed by the finance minister to select the MDs.

The other members of the committee are: the principal secretary, finance secretary, Bangladesh Bank governor and an additional secretary of the Finance Ministry's Banking Wing.

In addition to the provision for appointing private bankers, managing directors would also be picked up from the executives who have been regularly promoted to the post of deputy managing directors or have been serving as general managers for at least four years.

Earlier on Wednesday, the ministry issued another circular which said that the government would take advice from

the Bangladesh Bank (BB) before appointing anyone as chairman or director of NCBs about his competence.

BB advice would also be taken before giving appointment or promotion to the post of MD.

On the other hand, if the BB finds any serving chairman, MD, director or other executives unfit to continue in their posts, it would explain its reasons and advise the government accordingly.

The circular also said that the BB would apply the same standard in supervising and regulating both the NCBs and the private commercial banks if this does not contradict the existing laws.

## New liberalised import laws take effect

# India opens door to 900 more foreign products

NEW DELHI, Apr 1: India's government liberalised import laws yesterday, opening the door to nearly 900 new foreign products in its trade policy for the new fiscal year, and unveiled steps to boost exports, says AFP.

Commerce Minister Ramkrishna Hedge said 894 items, including agro-products and processed foods such as tomatoes and blue-veined cheese which were previously on a restricted list, could be imported.

Despite the liberalisation, 667 imports still remain restricted. The minister also indicated the government would now permit the import of 414 additional items ranging from handbags to garden umbrellas against a special import licence.

The policy for the fiscal year

beginning Thursday is aimed at backing India's commitments to the World Trade Organisation (WTO) and other global trade bodies.

India has both quantitative and tariff restrictions on imports.

To meet WTO compliance, India has agreed to remove all quantitative restrictions on imports by the year 2003. But the United States has urged India to free all import curbs much earlier by 2002.

India with a 40 per cent peak import tariff is one of the most protectionist economies in the world. "The time has come to implement the second generation of reforms to make India economically strong," said Hedge. "These would include the withdrawal of quantitative restrictions on imports if we are

to integrate with the global economy."

The trade policy also took steps to develop specific markets for Indian products to achieve and export turnover of 90 billion dollars by 2002.

The minister said no additional customs duty would be charged on the import of capital goods required in the export-oriented marine and electronic sectors.

"We need to create a level playing field for our export industry by laying down uniform rules for access to raw materials and capital goods at internationally competitive prices."

The Commerce Minister said the Asian financial crisis had hit Indian exporters particularly hard, with a devaluation in regional currencies making goods produced by Asian rivals more competitive.

## Maruti profits down 20 pc

NEW DELHI, Apr 1: India's largest carmaker Maruti Udyog Ltd (MUL) announced yesterday a near 20 per cent drop in net profit to 5.2 billion rupees (122 million dollars) for the fiscal year ending March 31, reports AFP.

Total income also dropped by almost five per cent from the previous year to 81 billion rupees.

Despite the declines MUL, a 50-50 joint venture between Japan's Suzuki Motor Corp and the Indian government, said it had managed to maintain its 80 per cent share of the Indian car market.

"It was a very difficult period for the auto industry, which resulted in overall decline in the market," said Maruti Chairman.

"We faced recessionary market conditions and the arrival of new players did not help."

Sales fell 5.5 per cent year-on-year to 309,094 vehicles. The slippage was the first posted by Maruti since it was launched in 1982.

The Bhaskarvudu estimated that the domestic automobile industry would post an overall negative growth of around five per cent in the current fiscal year.

## Fair demand witnessed at Ctg tea auction

CHITTAGONG, Apr 1: The last weekly tea auction of the season was held here on Wednesday with offerings considerably heavy for this time of the year, reports UNB.

However, these mostly comprised end of season types, according to Tea Market Report of National Brokers Limited.

Loose tea trade dominated the market, especially for the cleaner types which were often dearer. Export buyers were largely inactive and there was heavy weight of poor quality withdrawn owing to lack of interest for these types.

Dusts were a good market with nearer types dearer.

**CTC Leaf:** 15,348 chests, 17,648 gunny sacks (227 chests, 661 gunny sacks of season 1999), 256 chests, 303 gunny sacks of Leaf Old Season on offer comprised of mainly end of season types.

There was fairly good demand for the cleaner types which was sold at firm to occasionally dearer levels but all others were a much lower mar-

ket with substantial withdrawals.

**CTC Broken:** These were mostly poor end of season types and consequently were generally neglected except for the few cleaner types which sold at a drop of Tk 5/6. Cleaner Mediums and smaller varieties were firm to occasionally dearer but all others were much lower with the poorest mostly remaining unsold.

**CTC Findings:** The category met with a good demand with the cleaner types selling mostly at dearer levels. Fibrous types were Tk 2/3 lower whilst plain poorest types sold at much lower level with considerable withdrawals.

**CTC Dust:** 1,524 chests and 3,589 gunny sacks and (103 gunny sacks season 1999) on offer met with a fairly good market. Clean good liquoring types were again a dearer market whilst others eased further by up to Tk 5 and more following quality.

Internal market lent good support.

## Ctg chamber polls Apr 8

CHITTAGONG, Apr 1: The election of Chittagong Chamber of Commerce and Industry (CCCI) will be held on April 8, says UNB.

The CCCI election, scheduled for December 20, 1998, was postponed due to an injunction of the judge court.

The fresh date was announced following a High Court order. CCCI President Kamal Uddin Ahmed told a press conference here today.

However, the injunction on the Annual General Meeting will remain in force and the AGM will not be held on that day.

The polling will take place from 9 am to 4 pm with a one-hour break from 1 pm.

## Russia to slash oil exports

MOSCOW, Apr 1: Russia said Thursday it had cut its crude oil exports by 100,000 barrels a day as part of international efforts to boost world oil prices, reports AP.

The Fuel and Energy Ministry said the cut would be for three months.



A young Chinese boy walks through a computer booth and peeks around a corner displaying a picture of US President Bill Clinton with the computer company's managing director at a computer expo in Beijing Thursday. Clinton has come under harsh criticism by many senators for his apparent reluctance to investigate allegations of high-technology espionage involving nuclear warhead technology transfer to China, in addition to reports of illegal selling of satellite technology to China by a US company in past years.

## 'Vietnam strong enough to weather economic crisis'

HANOI, Apr 1: Prime Minister Phan Van Khai says Vietnam can overcome declining export growth and decreased foreign investment in 1999 because of its increased management experience and sound development paradigm, local papers reported on Wednesday, reports AP.

"We are strong enough to firmly advance forward even at this most difficult moment," Khai was quoted as saying by Nhan Dan, the official Communist Party newspaper.

Speaking at a meeting with local artists and media Tuesday, Khai offered wide-ranging solutions for countering a continued slow down in the economy expected this year, partly a result of the region's economic crisis.

The solutions include increased emphasis on agricultural development in a country where the majority of people are farmers. He also said the government would strive to create a favorable environment for local and foreign investors and speed up administrative, financial and banking reform.

"We have created many important premises for development and accumulated many valuable economic manage-

ment experiences," Khai said.

He added that overcoming declining and ineffective investment is a decisive factor for sustainable economic development. Khai said it is worrying that foreign investment is declining sharply and that some foreign investors have pulled out of Vietnam.

The Ministry of Planning and Investment refuses to release this year's investment figures but official media reported recently that as of Feb 20 only 22 projects totalling \$291.6 million were licensed. The figure was down 70 per cent from the year-ago period, the Youth newspaper reported, but the amount likely to be paid-out will probably be only about \$70 million as disbursements rarely rise above 30 per cent of approvals.

The Asian Development Bank last year predicted Vietnam would receive some \$ 500 million in paid-out foreign investment in 1999 but has since said this figure was too optimistic. While government data for 1998 are contradictory, foreign analysts believe paid-out foreign investment last year was around \$ 1 billion.

"Big foreign investors in the West will probably turn their

attention to Thailand and Korea where more sectors are opening up and you can buy assets at knock down prices," noted Nick Freeman, a fellow with the Singapore-based Institute of Southeast Asian Studies.

Khai said last year was a very difficult year for Vietnam, which was ravaged by typhoons, floods and drought and badly affected by the regional economic crisis.

The country's export growth averaged 29 per cent during 1990-1997, but fell to zero last year, he said.

Preliminary figures released by the General Statistical Office Tuesday showed that exports in the first quarter fell 11.8 per cent against the same period last year.

Khai said Vietnam lost \$ 800 million in export revenue because of lower world prices for commodities such as crude oil and rice, Vietnam's key export items.

He has arranged several meetings with local and foreign investors to hear their concerns.

Vice Prime Minister and Foreign Minister Nguyen Manh Cam is scheduled to meet with foreign investors in Hanoi tomorrow.

## Strong S&P credit ratings a boon for Malaysian stocks

KUALA LUMPUR, Apr 1: Malaysia's stock market enjoyed its biggest leap in months on Thursday after an international ratings agency upgraded its credit outlook on the Southeast Asian country and several blue-chip companies, reports AP.

The US credit rating agency Standard & Poor's revised its outlook on Malaysia to stable from negative.

Standard & Poor's also upgraded its outlook on the long-term foreign and local currency ratings of three of the country's largest blue-chip companies to stable from negative.

The revisions, combined with indications by the central bank that the worst is over for the economy, propelled the stock market higher Thursday, analysts said.

"Perhaps the worst is over," Christopher Gee, head of research at ING Barings Research in Kuala Lumpur, told Dow

Jones Newswires. "Many of the risks have been alleviated."

But other analysts said they were still uncertain whether the market euphoria would last amid lingering uncertainty whether the country will experience a convincing economic recovery.

"We have hit some kind of stability," said Seow Choong Liang, head of research at local brokerage firm KNN Kenanga.

"Growth is another question." On Wednesday, Malaysia's Bank Negara said in its annual report that it expected the recession-hit economy to recover this year and grow between 1 per cent and 2 per cent in the line with forecasts by economists in the private sector.

Market observers also said the improved credit outlook would cajole foreign investors back into the stock market.

"What Malaysia needed is

foreign interest and now with greater signals that foreigners can look at Malaysia, it is positive," said Gee. "What you'll see is a stem in foreign selling."

Malaysia imposed capital controls last September in an effort to prevent its currency from being devalued by speculators and to force people to bring their money back into the country.

Prime Minister Mahathir Mohamad, who introduced the controls after sacking his former deputy and finance minister, Anwar Ibrahim, insists the controls would be enforced until currency speculation was reined in.

The controversial move also made many foreign investors jittery and prompted several credit rating downgrades from two top international ratings agencies, Moody's and Standard & Poor's.

In recent weeks, however,

several prominent US investment companies, including Goldman Sachs, have said the government took appropriate steps to jump start the economy.

"The worst-case scenarios predicted when Malaysia implemented capital controls ... have not materialised," said a March 26 reports published by Morgan Stanley Dean Witter.

"Fears that the government would use the controls to permit and irresponsible inflation of the money supply and to afford the postponement of structural reform have been unfounded," said Morgan Stanley's analyst Ann Ginsburg.

The country recently secured a \$ 700 million loan from 13 international financial institutions in Japan, while the World Bank approved three loans totalling more than \$400 million for projects in the social and technology sectors.

## Most US govt agencies meet Y2K deadline

WASHINGTON, Apr 1: More than half of federal agencies met the deadline for protecting their most critical computer systems from potential Year 2000 computer problems, the government official in charge of the repairs said, reports AP.

John Koskinen, chairman of the President's Council on Year 2000 Conversion, announced Wednesday that 92 per cent of computer systems at the government's 24 largest agencies had been repaired and were "Y2K compliant".

"These systems have gone through the full stages of not only analysis and assessment, but remediation, testing and implementation," Koskinen said Wednesday, the deadline imposed by the White House more than a year ago. "Implementation includes installing the upgraded or replaced systems wherever they're in operation, not only domestically but

around the world."

Koskinen said 13 of the 24 departments now report that their most essential computer systems are 100 per cent ready for business beginning Jan 1. Ten agencies have repaired and tested at least 85 per cent of their systems, he said.

Only the US Agency for International Development has not fixed any of its critical systems, mainly because it started late and ran into more problems than expected, Koskinen said.

Meantime, the White House reported that only one-fourth of its systems were compliant. It expects to repair all of its systems by the end of October.

The so-called "Y2K" problem occurs because many computers are programmed to recognise only the last two digits of a year and, without repairs, may malfunction beginning Jan 1 when they might assume it is 1900.

## Gold falls to 6-month low in London

LONDON, Apr 1: Gold fell to a fresh six-month low at London's late fix today, spoked by Swiss progress towards eventual reserve gold sales which cancelled out bullish effects from dollar weakness versus the yen, dealers said, reports Reuters.

London gold fixed at 279.45 dollars a troy ounce in the afternoon, its lowest since September 1, versus the morning's 279.80 dollars.

The late fix marked a recovery from spot prices' brief dip towards 278.00 dollars bid by the Swiss government said it planned to submit legislation to parliament by mid-year to authorise sales from the country's 2,600 tonnes of gold reserves.

But Bern reiterated that no gold sales would be possible until early 2000 at the earliest.

"The market was bearish any way so the Swiss news didn't help," said one London dealer.

"It's nothing new, the market's just really scared at the moment."