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The Daily Star BUSINESS

DHAKA, FRIDAY, JUNE 25, 1999

Bangladesh gets
Tk 63.79 b from
WB, ADB in
3 years

Bangladesh received Tk 63.79 billion (US\$1417.8 million) from the World Bank and the Asian Development Bank in last three years since July 1996 to implement the on-going projects, reports UNB.

Finance Minister SAMS Kibria gave the figure in Parliament yesterday while responding to Alangir Haider Khan (BNP-Chandpur).

During the period, the country received commitments of Tk 126.90 billion (US\$ 2748.80 million), Kibria said.

Replies to Haj Selim (AL-Dhaka), he said US\$ 2767.34 million of foreign debts have been waived in last 28 years since the country's independence.

The donor countries, which waived foreign debts, are: Canada (US\$29.80 million), Denmark (\$43.20 million), Finland (\$8.30 million), France (\$119.31 million), Japan (\$1313.77 million), Germany (\$290.50 million), Italy (\$6 million), Netherlands (\$44.20 million), Norway (\$6.26 million), Sweden (\$11 million), Switzerland (\$10 million), UK (\$93.80 million) and USA (\$791.20 million).

Forex reserve recorded at \$1513.03M

Country's foreign reserve was recorded at US \$1513.03 million as on June 17 this year, the Finance Minister told parliament yesterday, says UNB.

The amount is \$182.78 million less than that of the corresponding period of last year. SAMS Kibria said replying to Abul Kashed (AL-Fardipur).

Last year, the forex reserve was \$1695.81 million.

Govt procures 5 lakh MT of wheat, rice

Some 2.32 lakh metric tons of wheat and 3.30 lakh MT rice have so far been procured against the target of 2.50 lakh MT wheat and 4 lakh MT rice respectively, says UNB.

The statistics were presented at a meeting of the Parliamentary Standing Committee on Food Ministry at Sangsab Bhaban yesterday.

The meeting, chaired by committee chairman M Sayedul Huq, reviewed the procurement of paddy, rice and wheat, and found it satisfactory, said a press release of the Parliamentary Secretariat.

It decided to use the unutilised BADC fertiliser godowns on priority basis to preserve additional grains.

The meeting was told that some godowns with capacity of one lakh metric tons would be constructed in the northern region.

Committee members Food and Agriculture Minister Begum Matia Chowdhury, Mirza Azam, M Joinal Abedin Bhuiyan, Bharati Nandi Sarkar, M Joinal Abedin Sarkar and Alhaj Shamsuddin Ahmad attended the meeting. Deputy Food and Agriculture Minister Dhirendra Debnath Shambhu was present on special invitation.

DHL, Post Danmark form alliance

DHL and Post Danmark, the Danish postal service, are to combine their strengths in express distribution in Denmark and abroad, says a press release. The cooperation will start in December 1999.

Post Danmark will be gaining access to DHL's worldwide distribution network, while DHL will extend its Danish sales channels through national post offices and their sales representatives.

The alliance will offer Post Danmark's customers better all-around services, and also access to the very best integrated express distribution.

Together with Post Danmark, which operates the most efficient express carrier system within Denmark Jetpost, DHL offers customers the best possible one-stop solution.

The alliance means faster international distribution for jetpost shipments and greater availability for the DHL service solutions since customers are able to acquire services at post offices all across Denmark.

Customers will notice tangible benefits in the form of faster and more reliable international distribution. Both DHL and Jetpost are well-established brands. A positive image and a strong cooperation thus serves to further strengthen the profile of both companies, comments, Jøns Pouls Madsen, Managing Director of DHL Denmark.

Alliances between top companies in different niches can bring a major increase in added value for customers. The alliance between Post Danmark and DHL is no exception, building on a shared conviction that together the two will be able to offer customers a better and more comprehensive service.

Kibria at FICCI luncheon meet on budget

Opposition's reaction a vent to frustration

Star Business Report

Finance Minister SAMS Kibria yesterday termed the opposition's reaction to the proposed budget a ventilation of frustration and disappointment.

"Prices of essentials have remained stable after the budget and this infuriated the opposition throwing them in utter despair," Kibria said at a luncheon meeting of the Foreign Investors Chamber of Commerce and Industry (FICCI) at a local hotel.

Those who criticise our revenue collection or export earnings efforts do not understand

that the economy virtually failed to fare well for three months last year because of floods," said Kibria. "There was no production in the manufacturing sector and yet people compare the year with normal years."

Moreover, the international trade climate was not fair either. "Prices of major export items plunged in the international market, forcing us to give subsidy to export sectors this year."

Replies to another question, he said that the income tax paid during car registration would be adjusted with income tax return.

Earlier, FICCI President AKM Shamsuddin said the budget was a "bold one" in view of the target of increasing revenue collection and making the private sector competitive in a global economy.

But, he said there are some provisions in the budget which should be removed to boost trade and industry. He pointed out that the introduction of 10 per cent supplementary duty on the 257 items subjected to pre-shipment inspection (PSI) negates the benefit of duty re-

ductions.

Later, explaining the logic behind imposing supplementary tax on select PSI-mandatory goods, he said that this had been done because the new system would reduce prices of many goods. "This will mean revenue losses and we have imposed the supplementary duty with a view to arresting it. The move will not increase prices of those goods," he reassured.

Shamsuddin said edible oil, pharmaceuticals, paints, health foods, electronic goods and footwear industries will experience increases in their production costs because of supplementary duties.

He feared that the spot assessment system would lead to increased harassment of taxpayers and boost corruption. "It may be more useful if the spot checks are for only TIN and the taxpayer is given a time limit by which he has to file his tax returns under the regular procedure."

Shamsuddin said the extension of VAT net to certain sectors such as tin-shed restaurants or medical services will ultimately pass on economically-vulnerable consumers and as such, this calls for reconsideration.

He also said that the budget proposal for VAT adjustment by industries within the same fiscal year was an impossible task. "Raw materials imported in May cannot be adjusted with finished goods in June. At least a six months' lead-time must be given."

About the proposed rate of 10 per cent charge on net assets above Tk 10 lakh, Shamsuddin said this is too high and the taxpayers will end up paying more than what they paid before in wealth tax to be replaced by the new system. He recommended that this rate be revised downwards substantially and applicable to assets above Tk 25 lakh.

Replies to a question from

VAT a blow to small eateries, say owners

By Mustak Hossain

Thousands of small restauran-

ters, transport workers etc. So the government must give a second thought before imposing the proposed VAT on us, said another small restauran-

ter owner at Mohammadpur.

Finance Minister SAMS Kibria in his budget speech said, "With the increase with our population and the development of transport facilities, the food service sector has expanded phenomenally."

"In order to increase revenue from the hotel and restaurants, all types of hotel and restaurants excluding those without walls/fencing, electric fans and not using more than two electric lights are proposed to be brought under VAT," the minister said in the budget statement.

At present all hotels, restaurants, decorators and caterers outside the metropolitan areas and district towns and "tin-shed" hotels and restaurants located in metropolitan cities and district towns are exempted from VAT.

A large number of restaurants are taking undue advantage of the term "tin-shed", officials said. "Many of these hotels have very high turn-overs."

Meanwhile, Bangladesh Restaurant Owners' Association has urged the government to withdraw VAT on small hotels and restaurants. Otherwise, members of the association will go for street agitation, its President Khandoker Rahul Amin said.

He suggested withdrawal of VAT on small hotels and restaurants since poor people take food there at cheaper prices.

He said currently there are 3,525 telephone subscribers in Kushtia district.

The association president said this move would shut thousands of small restaurants and ultimately would increase the number of unemployed people.

"We along with restaurant workers will launch a greater movement if the government does not drop the VAT proposal," he said.

"Instead of expanding the VAT net, the government can introduce 'capacity tax' on small enterprises including restaurants, he said.

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A study by the accountants Deloitte & Touche estimated 40 per cent of Greece's economy did not exist for taxation or other official purposes and suggested Italy's official figure of 16 per cent for the black economy should be nearer 30 per cent.

The paper said the study meant there were serious flaws in the EU's system for calculating national payments to the Union budget which is based on Value Added Tax receipts and gross national product.

The study had been commissioned in 1997 by DG 21, the European Commission's taxation directorate. It had been presented in 1998, but only parts of it were published.

Black economy undermines EU budget calculations

Benson & Hedges
Lights now in Bangladesh



British American Tobacco Bangladesh, in keeping with their commitment to bring premium international products to local consumers, are now importing Benson & Hedges Lights, says a press release issued yesterday.

The brand is available in Dhaka and Chittagong metro markets from June 20, 1999. Benson & Hedges Lights with white filter tipping gives a smoother smoke without compromising the taste.

"Light cigarette is the product of choice for consumers globally," says Reazul H Chowdhury, the Premium Brand Group Manager, adding that the consumers in our country were following the same trend.

For us, it's an extension of the Benson & Hedges Special Filter which we also import from the UK, said Chowdhury.

It's worth mentioning that the first light cigarettes launched in Bangladesh were State Express 555 Lights and John Player Gold Leaf Lights, also by BAT Bangladesh.

Black economy undermines EU budget calculations

LONDON, June 24: The European Union's budget calculations have been thrown into doubt by the discovery of untaxed activity on a massive scale, the *Guardian* newspaper said on Thursday, reports Reuters.

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Bangladesh, Gambia sign agri deal with FAO

ROME, June 24: Bangladesh and Gambia recently signed a tripartite agreement with the UN Food and Agriculture Organisation (FAO) to send Bangladeshi agricultural experts and technicians to assist the agricultural sector in Gambia, the UN Agency announced Wednesday, says a FAO press release.

The cooperative accord, signed under the framework of FAO's Special Programme for Food Security (SPFS), will put the technical assistance services of Bangladesh to work in Gambia for three years, continuing a spirit of cooperation between South Asia and African countries.

The agreement was signed by Bangladesh Ambassador Muhammad Zamir, Gambian Secretary of State Farisayne Dumbuya of the Gambian's Department of State of Agriculture and the FAO Representative in The Gambia, Heima Mikkola.

According to the agreement, Bangladesh "will provide the most appropriate technology, material and equipment to maximize technical cooperation in the various fields" including rice production, horticultural crops, small animal husbandry, artisanal fisheries, aquaculture and small scale water control technologies.

The aim is to help Gambia "improve living conditions of the poor and the vulnerable groups in rural areas," say the agreement.

The effort will be funded by the governments of both countries and FAO.

South-South Cooperation under the SPFS provides an opportunity to strengthen cooperation among developing countries at different stages of development with the support of interested donor countries and FAO, according to UN Agency.

The initiative, which helps countries benefit from the experience and expertise of more advanced developing countries, was launched at the beginning of 1997.

Grameen idea catching on in US

NEW YORK, June 24: A simple idea to help the poor help themselves in developing Bangladesh is catching on in the United States, says AFP.

More than 20 years ago university professor Muhammad Yunus decided that the economics he was teaching students in Bangladesh was not working.

Banking has been built on the principle that the more you have, the more you get," he said.

"We have reversed the process and decided that the less you have, the more eligible you are. If anybody tells me that the poor are not credit-worthy, I'll scream and I'll say it's not true," Inner cities in the United

States are apparently hearing his message.

And since 1995, the People's Fund has been doing the same thing in the United States for ethnic minorities and women locked in poverty.

Far from the gleaming towers of Manhattan's financial centre, micro-lending is at work among the poor of Harlem.

The fund is offering loans of 750 dollars repayable over five months or 1,500 dollars repayable over a year to clients commercial banks would spurn.

So far 36 people, more than

two-thirds of them women, have used the loans and repayment rates are 95 per cent.

Credit can be expanded to as much as 10,000 dollars once the borrowers show they have put the money to good use after paying back their previous loan in full.

The loan plan, Project Enterprise, is expanding to the New York borough of Brooklyn while in Dallas, Texas, the Dallas City Home project, set up to offer decent housing for the poor since 1989, is now operating a micro-lending arm to help the poor climb out of poverty.

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