The Daily Star
BUSINESS
DHAKA, WEDNESDAY, OCTOBER 11, 2000

NBR gears up drive as spot assessment proves potent

By Monjur Mahmud, back from Narayanganj

The National Board of Revenue (NBR) has launched a massive collection drive across the country to bring more taxpayers under its net through spot assessment.

According to officials, the drive has been launched in 13 zones in the country of which eight are in Dhaka, three in Chittagong and one each in Rajshahi and Khulna.

Under the spot assessment system, the total number of taxpayers rose by 4,390 in the 1999-2000 financial year with a collection of Tk 92,21,731 from them, sources said.

The government introduced the spot assessment last year to make tax collection system hassle-free and encourage taxpayers into paying their dues.

Under the system, taxpayers need not explain the source of their capital or go to the tax office. The system is very simple as NBR officials fix tax amounts after discussing with the representatives of market associations and traders.

As part of the drive, a team led by K M Sakhawat Hossain, Commissioner of Tax Zone-1, went to Narayanganj yesterday and held talks with leaders of different trade associations.

The team found that out of 162 traders at Friends Market Bastra Traders Association, 140 have already registered their names under the spot assessment system.

"We hope that the rest 22 traders will shortly complete their tax procedures," Amir Hossen Badsha, General Secretary of the association, told the tax commissioner.

A person will have to pay Tk 2,500 if he runs a business with a capital not exceeding Tk five lakh in the City Corporation area. The amount would be Tk 3,500 for capital of more than Tk five lakh, but not over Tk 10 lakh, officials said. These tax amounts are fixed for the next two years.

"After introduction of the system, the number of taxpayers under Kalir Bazar Jewellers Association at S Dhar Road increased by 35 individuals," said Anil Karmakar, President of the association.

"We like spot assessment and we will extend all-out support to the tax officials," said Hazi Jalaluddin Faqri, General Secretary of Sonar Bangla Hawkers' Market Traders Association in Narayanganj.

New US envoy meets Kibria

US Ambassador to Bangladesh Mary Ann Peters called on Finance Minister Shah AMS Kibria at his office and discussed matters relating to mutual interest yesterday, says UNB.

The finance minister welcomed the newly appointed US Ambassador in Bangladesh and informed her of the socio-economic progress achieved in the country.

He said Bangladesh is a homogenous nation and there is no ethnic, linguistic, religious, geographical or other internal conflicts.

"We are a democratic country with a strong heritage of cultural tradition," he added.

The US ambassador expressed the view that according to objective observers, the future of Bangladesh is very bright and the US government would extend all-out cooperation for the betterment of the country.

Novartis launches Ovaltine Malted Milk

Novartis Bangladesh Limited has launched Ovaltine Malted Milk, a product from Novartis Consumer Health, says a press release.

Danish Distribution Network Ltd, being the sole distributor of Ovaltine range, will supply Ovaltine Malted Milk in the market.

The widely known classic Ovaltine is the first malted drinks in the world market available since 1903 that is basically a brown powder. But the Ovaltine Malted Milk is different from this classic Ovaltine.

The product is available globally.

New Ovaltine Malted Milk is a fortified malt beverage especially designed to meet the needs of health-conscious adults as well as the nutritional demand of the whole family.

Office bearers of Coastal-Ship Owners Assoc

AZ Firoz Kabir Chowdhury, owner of M/s Shatabdi Shipping Lines, has been elected unopposed chairman of Coastal-Ship Owners Association of Bangladesh.

Three other vice-chairmen were also elected unopposed. They are: Mohiuddin Al-Faruk, FIM Anwarul Islam and Rashed Hasan.

The election was held recently from among the 15-member newly elected Executive Committee of the Association.

The Executive Committee of the Association was elected for 2000-2001 and 2001-2002 terms, says a press release.

Indian IT giant reports 134 pc profit hike

NEW DELHI, Oct 10: Infosys Technologies, an information technology giant and a global partner of Microsoft Corp., reported a 134 per cent increase in profits Tuesday in second quarter results, mainly from North American operations, reports AP.

The company, based in the southern Indian city of Bangalore, said it earned a net profit of 1.54 billion rupees ($ 36 million) for the second quarter ended Sept. 30, up from 657 million rupees ($15 million) in the same period last year.

Infosys earnings had grown 102 per cent in the first quarter of India's April-March financial year.

Infosys, founded in 1981, was the first Indian company listed on a US stock exchange, on the Nasdaq stock in March 1999.

Microsoft Chairman Bill Gates last month announced an alliance with the company for developing and delivering a portfolio of Infosys business solutions on the Microsoft net platform.

Infosys is one of the Indian companies that have led a high-tech revolution in India. Most of the 11 Indians on the Forbes Magazine list of billionaires this year made their fortunes through information technology.

Computer software exports have increased by more than 50 per cent every year for more than five years. Indian software engineers, hailed by US President Bill Clinton during his March state visit, are now being lured by high-profile corporations in the Silicon Valley in the United States and in other nations.

India opened up its socialist-style economy in 1991.

Infosys exceeded market expectations with its results. Almost 75 per cent of the profits came from North America, and 17 per cent from Europe, company officials said.

The $200 million Infosys employs more than 5,500 software professionals worldwide.

A small group of Chinese children, one holding a small plastic Chinese national flag, peek from behind a McDonald's trash bin at a Western photographer in downtown Beijing yesterday. US fast food giant McDonald's has over 30 franchises in China's capital with more opening every month. US President Bill Clinton was to sign into law a bill granting China Permanent Normal Trade Relations (PNTR) yesterday, the White House announced Monday. The US Senate voted 83-15 to approve the hotly contested bill, which slashes US tariffs on Chinese exports in return for a promise by Beijing's Communist leaders to throw open their market for more than one billion people to US firms.

– AFP photo

Agrani Bank city managers' confce held

A conference of Agrani Bank branches located in Dhaka city was held at the bank's Training Institute on Monday, says a press release.

Six general managers, four zonal heads and eighty-nine branch managers attended the conference to have direct interaction with the bank's Managing Director MA Yousoof who was the chief guest at the conference.

Besides reviewing performance of individual branches, the managing director warned that if any branch manager fails to achieve his target of declassification, not only he will be relieved of his managerial position, he will also be negatively evaluated.

He declared that a special Monitoring Cell has been formed in Head Office which will keep close tabs on recovery activities of the branches. He urged the managers to dispel the confusion in the public that bankers in collusion with borrowers are hindering the process of legal settlement through their activities. The general managers urged the city branch managers to make exemplary recoveries of stuck-up loans so that branches operating outside Dhaka can follow in their footsteps in making similar recovery drives in their respective areas.

EU seeks Russian oil to cut dependence on OPEC

MOSCOW, Oct 10: Moscow's ability to help Europe avoid future energy crises will be at the centre of a Russia-EU summit in Paris on October 30, says AFP.

EU nations are hoping Russian oil and natural gas needs will help free them from dependence on the Organisation of Petroleum Exporting Countries (OPEC).

This would bring investment to Russia, but it would be years before it could satisfy EU energy demands, industry experts say.

European Commission chairman Romano Prodi intends to offer "a long-term strategic partnership" to the country with the biggest gas reserves in the world and the third-biggest petroleum producer.

The economic benefits for Russia are obvious, even though there are many obstacles. "This is just the kind of investment the country needs," said one Western expert.

Russia's pipeline network does not have the capacity to significantly increase its exports, explained Mikhail Perfilov, an editor for the specialist magazine Petroleum Argus.

Existing pipelines can only move a third of the 315 million tonnes of crude produced annually.

New pipelines and export terminals are under construction, but the Kremlin is finding it hard to finance the work.

Europe could commit funds to the work, but national energy needs take priority, especially during the long Russian winter.

"We do not intend to send our crude to the foreign markets at the expense of the internal market," Russian Oil Minister Aleksander Cavrin said recently.

An increase in exports would also raise prices at home.

The bottom line is that Russia is incapable of supplying both the Russian and foreign markets. Crude production has been declining since the early 1990s, even though it rose by five per cent last year thinks to a tentative increase in investment by the oil companies which were suddenly converted to prospecting new concessions.

But investments have remained well below what is needed to raise production by any significant amount.

As far as gas is concerned, the Gazprom monopoly, which already exports 127 billion cubic metres to Europe every year, might try to increase its stake.

Butinvestment firm UFC's expert Dimitri Avdeyev said it would take ten years or more to increase gas extraction.

The industry also faces a serious problem of falling reserves and has faced difficulties in meeting its contracts with its domestic customers.

According to Gazprom, Russia needs to produce 633 billion cubic metres of gas a year, compared with 586 billion at the moment, to satisfy internal demand and honour existing current foreign contracts.

US giant willing to help reform Japan's failed insurance co

TOKYO, Oct 10: US insurance and financial services giant American International Group (AIG) said today it intended to help restructure Japan's failed Chiyoda Mutual Life Insurance, says Reuters.

Chiyoda filed on Monday for court protection from its creditors under new fast-track laws for financial firms, becoming Japan's biggest corporate bankruptcy with 2.94 trillion yen ($27.02 billion) in debt.

Chiyoda said it had recently held talks with AIG to seek its financial help.

"We have received a request from Chiyoda to help in its restructuring, and the AIG group has expressed our intention to accept the request," a spokesman said.

Government ministers were divided over the impact of Chiyoda's failure, which came as corporate bankruptcies have been soaring in the past months.

Pak economy still fragile as military rule completes first year today

ISLAMABAD, Oct 10: Pakistan remains in the grip of economic gloom as General Pervez Musharraf marks the first anniversary of his military rule, locked in a tough struggle to stave off debt default, says AFP.

When he took over the reins of the country on October 12, 1999, Musharraf pledged good governance and revival of the economy to a nation weary of massive corruption and mismanagement by civilian leadership.

A year on the economy remains fragile with the heavily indebted country desperately awaiting international loans.

Pakistan has not received any assistance from the International Monetary Fund (IMF) so far although the government's economic managers have expressed optimism about ongoing negotiations to secure loans to overcome difficulties servicing national debt of nearly 40 billion dollars.

"We welcome the prospects of having a standby agreement by the end of the year and we are very pleased with the progress achieved so far," Finance Minister Shaukat Aziz said during the IMF's Prague conference two weeks ago.

The fund suspended its assistance 18 months ago when deposed prime minister Nawaz Sharif's government failed to meet performance conditions.

Musharraf has taken bold steps to broaden the tax net by unearthing untaxed incomes and assets through an army-led nationwide survey, in contrast to civilian rulers who balked at such reforms in the face of protests.

The survey launched in June triggered widespread uproar among the traders, including an unprecedented two-week strike by merchants, but Musharraf stood his ground.

Officials say the government hopes to collect 100 billion rupees (around two billion dollars) as a result of its efforts to document the massive informal economy.

The present government has tried to grapple with an adverse balance of payments, the burden of debt servicing and high oil prices as well as a lack of investor confidence, said analyst Mohammed Waseem.

Overall the government's first year in office "has been a story of unduly raised hopes to lead the nation to the promised land," Waseem said in an article in influential Dawn daily.

"Citizens in all parts of the country are groaning under the burden of increasing cost of living, higher utility charges and soaring prices of daily necessities," the private Human Rights Commission of Pakistan said in a statement on Monday.

The initial public sentiment in favour of the military rulers after the coup declined as the cash-strapped government took unpopular decisions in line with IMF guidelines, hiking utility and petrol prices.

"The military government has created several problems for the industry," said Shabir Ahmed, owner of a textile unit.

He said the cost of production surged as fuel prices were increased by 40 per cent and the power tariff was raised by 13 per cent with "more is in the pipeline."

The central State Bank of Pakistan in July lifted controls on the exchange rate, allowing the rupee to float. The decision led to a steep fall in the rupee against the dollar.

Analysts say the balance of payments situation remains precarious with forex reserves estimated at around one billion dollars while the government faces a debt servicing liability of around six billion dollars early next year.

Musharraf has said his policies have "arrested" the economic slide and that reforms introduced by his government were gradually showing results.

He is confident exports for the current financial year to June 30 would achieve a target of 10 billion dollars, up from an almost stagnant eight billion dollars.

The General has also stepped up efforts to resolve a long-running tariff dispute with independent power producers which emerged during Sharif's rule and severely eroded the confidence of foreign investors.

Plans are reportedly underway to retire thousand of civil servants to cut government expenditure as part of efforts to slash the budget deficit from 3.1 billion dollars, or 6.1 per cent of gross domestic product, last year to less than five per cent this year.

Red tapism irks Scancem

Allegation of not getting promised incentives

Foreign entrepreneurs of a US$ 47.5 million cement project yesterday alleged that they didn't get the much-publicised investment incentives for importing plant and machinery for their project due to bureaucratic bottlenecks, says UNB.

"We could not avail ourselves of the incentives due to bureaucratic complexity," said an official of Scancement International Ltd, a German-based company, which is setting up a cement grinding plant on 15 acres of land near Kanchpur Bridge in Dhaka.

They also imported power generators, paying duty, which the government had exempted.

The investors said the country should improve its investment climate by reducing harassment by customs and government officials and port problems.

The plant is expected to start production in June next year, one month behind schedule with an annual production capacity of 750,000 tons.

About two-thirds of the project have been completed so far although 72 per cent should have been complete by now. This is mainly due to import delays at Chittagong port, a board meeting of the company was told yesterday.

The outgoing president of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), Abdul Awal Mintoo, who is the chairman of the company for its Bangladesh chapter with 6 per cent share, presided over the meeting at the project site.

Scancement International holds 62 per cent shares of the company, the landowner 6 per cent and the rest remains for financing organisations like NORFUND.

The meeting was told that US$20.35 million would be equity capital while US$25.15 million will come as loan from IFC and local bank syndication.

"We are still importing cement to meet our demand. A time will come when we will be able to export it," Industries Minister Tofail Ahmed told the investors while visiting the project site yesterday.

The entrepreneurs informed the minister that the project would have its own captive gas-based power of 9.9 megawatt to run the cement plant as local power supply is not reliable.

The project, having its own water treatment plant, will create employment for about 150 people.

Officials said the plant would manufacture quality cement through grinding imported clinkers (96 per cent) and gypsum (4 per cent).

Technical manager of the company Graham Bell said there is a huge potential cement market in Bangladesh. Only 37 kilogram cement is being used per person in the country against over 2000 kg in Singapore, he said.

"There is a bad reputation of cement manufacturers in Bangladesh. They are blamed for polluting the environment. We want to change it," Graham said.

Asian investors advised to question growth rate

HONG KONG, Oct 10: As Asian asset prices slip toward 1997 crisis levels, investors increasingly face a choice between buying the growth story or accepting the region may be running out of steam before getting back on its feet, says Reuters.

Asia's economies are growing strongly as measured by rising real Gross Domestic Product (GDP) levels and, although expected to slow a bit next year, these rates should remain strong.

Year-on-year growth rates for Hong Kong, Korea and Malaysia reached double digits in the first half of this year, while China, Singapore and Thailand were in the high single digits. Only Indonesia and the Philippines are posting weak growth.

But analysts also note that the real GDP numbers don't tell the whole story and actual rates fo economic activity, which are falling short of pre-crisis levels, may be a better guide.

GDP accuracy questioned

"GDP numbers are increasingly questionable," said Jim Walker, chief economist of Credit Lyonnais Securities (Asia) Ltd.

"Statistical discrepancies and inventory machinations are accounting for large amounts of the actual GDP number. These balancing items are no more than a fudge," he said.

In Walkers' view the true story is indicated in figures like bank credit, fiscal revenues, retail sales and industrial production – these he says tell another story.

"Asian governments may fool investors by reports of strong GDP (in real terms) and widespread recovery," he said.

"But the nominal numbers, bank's unwillingness to lend and, eventually, the corporate earnings data are telling a quite different tale."

"Corporate skeletons are falling out of the cupboard, but the Jolly Roger is flying over too many regional statistical bureau," he said.

Recovery exhausted

Perhaps the recovery is actually coming to an end and, with all the problems still in the economies of the region, investors should be pricing in the inevitable.

"The Asian economic recovery has peaked," said Deutsche Bank's chief economist, Michael Spencer.

Spencer argues that growth will slow over the next six quarters as the international economy slows and governments have to reign in large budget deficits.

The question then becomes how much will domestic demand or investment activity support an economy.

Spencer concludes that consumption in many Asian countries is linked to export growth and therefore may not prove the savior. Investment on the other hand is tied to a financial system's health, and that varies substantially around the region.

"The two fastest growing economies in the second quarter were Korea and Hong Kong, followed closely by Malaysia and Singapore. In contrast the Philippines, Indonesia and Thailand continue to lag far behind.

"We expect growth in the region to continue to reflect this geographical division," Spencer said.

Next LDC confce may yield positive results

Dhaka expresses optimism

GENEVA, Oct 10: Bangladesh has expressed its firm hope that the coming conference of the Least Developed Countries (LDCs) will yield results beneficial to the member states, says BSS.

"The Third UN Conference on LDCs to be held next May in Brussels should make a difference, this time round with concrete and action oriented results," Iftekhar Ahmed Chowdhury, Bangladesh Ambassador and Permanent Representative to the UN office here, said yesterday.

He was speaking as the Coordinator of LDCs at the inaugural session of the Trade and Development Board of UNCTAD that began here Monday.

Chowdhury said a feature of this age of globalisation is that ideas spread rapidly and widely and events also contribute to that. "Seattle and Prague only confirmed what was already a new wave of thinking that was enveloping us all: that the unfettered march of the market without a human face is over for all times" he said and added that growth can sustain if quantity is tempered by quality.

The Bangladesh Ambassador welcomed the focus that the LDCs were now receiving. He thanked the European Union for their recent proposals for enhanced market openings and expressed the hope that others would follow suit.

He also underlined the need for simultaneous action to address supply-side constraints and debt issues of LDCs particularly of Africa.

The session will have a high level segment on October 16 which will be addressed, among others, by Dr Supachai Panitchpakti, the Deputy Prime Minister of Thailand and Director General-elect of WTO.

NBR chairman visits CSE

The Chairman of National Board of Revenue, Zakir Ahmed Khan, visited Chittagong Stock Exchange and met CSE Director Syed Mahmudul Huq recently, says a press release.

During the visit, CSE Chief Executive Officer Wali-ul-Maroof Matin gave a detailed presentation on the vision and activities of the bourse.

NBR chairman expressed his satisfaction over the CSE activities and praised its state-of-the-art technology enabling the brokers to do online trading from any corner of the country. Later the delegation visited various departments including equipment room, research cell and library.

AK Rezaul Karim, DG Inspection of NBR, Dr Rashedul Ahsan Chowdhury, DG Custom Training Academy, Kazi Shahidul Huq Commissioner, Custom & VAT, Faiz Khan Advisor, Customs Information Systems and Mohammed Shahabuddin, Implementation Manager of Clapp and Mayne Incorporation accompanied the NBR chairman during his visit.

NBR Chairman, Zakir Ahmed Khan, had a meeting with CSE officials during his visit to the bourse in Chittagong recently.

– CSE photo