

NBR, general insurance companies lock horns

Exporters likely to pay price over L/C difficulties

RAZIUR RAHMAN

With the country's export already heading southwards, the exporters are set to face a new crisis in opening letter of credits (L/Cs).

There is every chance of the complication as the National Board of Revenue (NBR) has issued a new directive to the general insurance companies and banks while the insurance companies have decided to defy the order.

The NBR asked the insurance companies to deposit the VAT collected against insurance policies or documents on the day the companies issue the documents.

"This deposit has to be made separately against each and every document. The documents should contain the number of treasury chalan and its date along with a copy of the treasury chalan before the document is delivered to the insured," according to the NBR order issued on June 25 which came into effect from July 1.

Banks have been instructed not to allow a LC without cover note of insurance and chalan document.

The managing directors of general insurance companies in a meeting yesterday said they would issue 'cover note' without copy of treasury chalan.

As the new NBR decision has been communicated to the banks, the decision of insurance companies is likely to complicate the situation, as the banks are likely to go by the NBR directive and refuse opening of L/Cs without chalans along with cover note.

This would mean hurting the country's export as the decision of the insurance companies to issue cover notes without copy of treasury chalan would adversely affect the country's exporters and importers by creating difficulties in opening L/Cs.

A number of leading apparel

Prime Bank earns Tk 38.37cr operating profit

Prime Bank Limited earned a pre-audited and pre-tax operating profit of Tk 38.37 crore during the first half of the current year, says a press release.

This was disclosed at the half-yearly business conference-2002 of the bank held at a local hotel on Tuesday.

The bank raised deposit to Tk 1394 crore and enhance credit portfolio to Tk 1013 crore.

The rate of non-performing loans of the bank could be kept at the lowest ebb of 1.20 per cent only, indicating its high quality asset management capability. The return on asset stood at 4.85 per cent as on 30 June, 2002.

The conference was inaugurated by Chairman of the Board of Directors Quazi Sirazul Islam MP, as the chief guest. Vice-Chairman of the Board of Directors Md Shahadat Hossain, Chairperson of the Policy Committee Firoza Amin, Chairman of the Executive Committee M A Khaleque, members of the Board of Directors Dr RA Ghani, Mohammad Aminul Haque, Mafiz Ahmed Bhuiyan and Representative Director M A Waahab were also present as special guests.

Shah Md Nurul Alam, managing director of the bank, presided over the conference. The participants in the conference included M Shahjahan Bhuiyan, additional managing director, branch managers and head office executives of the bank.

Japanese economy almost stabilises, says BOJ

AFP, Tokyo

Japan's economy has almost stabilized due to robust gains in exports and production, but severe fluctuations in the currency market could derail an export-led recovery scenario, the Bank of Japan (BoJ) said Wednesday.

"Japan's economy, despite continued weakness in domestic demand, has almost stabilized as a whole with an increasing upward impetus from exports and production, and an improvement in corporate profits and business sentiment," the central bank said in its monthly economic report for July.

exporters while talking to The Daily Star said the new decision of the NBR will lead the country's export to ruination. They hoped the government would take immediate steps to resolve the problems.

As per the previous rules, the insurance companies had to deposit their VAT of one month to government treasury within 20th of the next month. The companies used to deposit an amount as VAT on the basis of the money receipts issued against every policy.

The meeting yesterday observed that it was not possible on part of the general insurance companies to comply with the new order of NBR.

According to them, the number of offices of the 43 insurance compa-

nies in Dhaka city alone is no less than 350 which are issuing at least 30 thousand policies per day. There are a total of 44 general insurance companies in the country of which 43 belong to private sector.

They observed that it was impossible on their part to deposit VAT against each and every document on the same day in hundreds of different locations around the country.

Insurance documents are issued at the time of client's requirement. They also questioned that how they were going to receive treasury chalan on the same day in respect of the documents issued or VAT collected after banking hours.

AKAH Chaudhuri, adviser to

Bangladesh General Insurance Company Ltd, said the insurance companies used to issue policies and cover letters against bank guarantees, deposits, cheque and cash as well. But due to the new order the insurance companies would be able to issue any policy and cover note against only cash, which is not only risky but also very complicated, he said. "Practically it is not possible."

Chairman of Bangladesh Insurance Association (BIA) Nasir A. Chowdhury while talking with the journalists termed the decision as an 'impractical one' which is impossible to follow.

Referring to the NBR, he said, "They do not have any knowledge of

operating method of insurance companies". He also alleged NBR issued the order without prior discussion with BIA.

According to sources, the NBR took the decision following the incident of VAT evasion by a number of companies.

In this regard BIA chairman said there were no outstanding VAT of insurance companies during last two to three months. "We are also extending full cooperation to the VAT inspectors."

"If the NBR want us to follow the new order, they should deploy their own men at each insurance company office," he said.

Knitwear export may dip sharply

Of 350 units at N'ganj only 40-45 in full operation

MONJUR MAHMUD, back from Narayanganj

Knitwear export may dip sharply this fiscal as manufacturers are losing market mainly because of lead-time problem.

Besides, the exporters are facing serious cash crunch as the government is not releasing funds for cash assistance amounting to around Tk 500 crore. As a result, most of the manufacturers are forced to reduce manpower.

To give an overview of the grave situation, Bangladesh Knitwear Manufacturers & Exporters Association President Monjurul Hoque said out of 350 knitwear manufacturing units at Narayanganj, 75 units have already been closed. "Apart from that only 40 to 45 units are running well, the rest are operating partially."

"Buyers are offering fresh orders but we are unable cope with because of time constraint, said

Mohammad Quasem, managing director of BR Knitting Mills.

"Apart from this, we lose price competitiveness if we use local yarn," he said.

The MD said he was compelled to turn down some export orders, as he could not cope with the lead-time.

Presently, only two out of his 13 knitting machines are in operation. Last year, Quasem exported knitwear items worth around Tk50 crore. "But this year it may go down by around 50 per cent," he said.

Foreign buyers are offering orders only 25 to 30 days before. Price of local yarn does not match the offered price. "At the same time, if I opt for importing yarn from India it would take at least a month to reach my godown," said Quasem, who is a commercially important person (CIP) for his last fiscal's performance.

In the face of increased smuggling, the government has imposed ban on yarn import through land port

to protect local backward linkage industries.

On the other hand, knitwear exporters allege that price of locally produced yarn is high costing US\$0.50 to \$0.60 per pound on an average and making products uncompetitive.

Aminur Rashid, a director of Navy Hosiery at Fatullah, said his daily production was 25,000 pieces last year which has presently come down to 10,000 pieces per day. "We are not receiving orders basically due to shortage of working capital. Finding no other way, we have been forced to cut half of 1,000 workers. We have Tk70 lakh due from the government as cash assistance."

Buyers offer only few days to manufacture products that we could manage earlier when import through landport was allowed and it took only four to five days for the goods to reach Dhaka from Kolkata, said Salem Mohammad, chairman of the company.



Pacific Bangladesh Telecom Limited Managing Director Faisal Morshed Khan (2nd from left) yesterday speaks at a press conference held to mark the launching of Citycell prepaid mobile phone service. Other officials are also seen in the picture.

CityCell plans to reach 300,000 subscribers by year-end

Prepaid Alap launched

STAR BUSINESS REPORT

Pacific Bangladesh Telecom Limited, the service provider of cellular phone company CityCell, is aiming to increase its subscribers to 300,000 by the year end following introduction of its pre-paid service.

Company officials said yesterday at a press launch of Citycell prepaid, branded as 'Alap', which has fixed phone incoming connectivity.

The new service would raise the subscriber-base as there is difficulty in getting fixed telephones in the country, said Faisal Morshed Khan, managing director of the PBT.

He said the prepaid service also provides a 20-second pulse after the first minute, countrywide roaming, the usual mobile-to-mobile incoming free and the peak/off peak facilities that no other prepaid services offer. "The Alap prepaid service will be the most attractive in the country in terms of both tariff and facility wise."

The PBT MD said Alap prepaid is also attractive considering its price in comparison with other prepaid phones. Alap cards are available at Tk 275, Tk 1,100 and Tk 2,200 while other companies' prepaid cards cost Tk 300, Tk 600,

Tk1200 and Tk 2400. PBT will spend US\$70 million in 2003 for expansion of its network, Faisal Morshed Khan said.

Khan said his company is already implementing a \$30 million project to spread its network to 52 administrative districts from current 30 districts.

Khan, however, said the monsoon floods, now sweeping the country, might hinder the expansion programme.

The company's expansion will increase the number of base stations to 300 from 150.

Khan said his company is importing CDMA gear this year to raise its network capacity to 250,000 lines from the existing 100,000.

The CDMA, or code division multiple access, is one of the main mobile phone network technologies, is competing mainly with Global System Mobile (GSM) communications.

He said a \$1.5 million contract had been awarded to Singapore-based firm Last Technology for installation of prepaid service.

PBT currently provides service to about 100,000 subscribers with CDMA and AMPS (Advanced Mobile Phone Service) and was the

first to launch cellular mobile telephony in the south Asian sub-continent in 1993.

Khan said PBT had introduced some value added services, including Short Message Service (SMS), Voice Mail Service (VMS) and news update for PBT subscribers.

PBT officials said considering the SIM (Subscriber Identification Module) less set of CDMA system, PBT will now allow subscribers to use any phone set just after receiving government royalty of Tk 1,100 and activation charge of Tk 2,000.

PBT recently awarded a contract to US-based Motorola Inc for installation of SMS, VMS and news update service.

Bangladesh has some 700,000 fixed-line telephones provided by state-run BTB and 828,000 cellular mobile phones by four private operators.

PBT is 35-per cent owned by local Pacific Group, 35 per cent by Japanese Far East Telecom, 20 per cent by Asian Infrastructure Development Company (AIDC) and 10 per cent by Japanese Fujitsu Ltd.

Vtech mobile phone sets launched

STAR BUSINESS REPORT

Wintel Limited, a cellular mobile handset distributor, has started marketing two new models of Vtech mobile phone sets in the country.

"The company now supplies the sets to GrameenPhone but hopes to supply the handsets to other GSM operators soon," an official of the company told reporters at a press conference organised at a local hotel yesterday.

The company also vowed to sell fixed line telephone sets in the country. Vtech is also specialised in callers identification enabled fixed line and wireless handsets.

Executives of the company said

Vtech SPT-88d and A-600 sets are being sold from six places in the country.

Wintel Chairman Dr Toufiq M Siraj said a Vtech mobile sets can even be used as remote controls for television sets," he said.

Managing director of the company Faisal Alim described the Vtech as the world's largest telecommunication handset manufacturer with annual production of almost 500 million sets.

He said Wintel will introduce more brands of mobile sets from different world famous manufacturers for Bangladesh market.

Wintel Executive Director ATM Mahbubul Alam also addressed the press conference.



An official displays a Vtech mobile phone set as he speaks at a press conference in the city yesterday. Wintel Limited has launched two new models of Vtech handsets in the country.

New MD of Aventis CropScience



At a recently held board meeting in the city Aventis CropScience Bangladesh Ltd confirmed the appointment of Harald Kube as the new Managing Director of the company with effect from August 1 this year, says a press release.

On June 4 this year Bayer AG acquired Aventis CropScience SA and has merged the business with its own crop protection business to form Bayer CropScience. Accordingly, Aventis CropScience Bangladesh Ltd will change its name later this year after necessary formalities are completed locally.

Kube joins the company from Bavaria at which he held various positions in Spain, Germany and, most recently, he was head of Bayer's Agricultural Division in Russia.

Aventis CropScience Bangladesh Ltd is a joint venture with the Bangladesh Chemical Industries Corporation.

Cardiac hospital to be set up in city

A modern cardiac hospital will be set up in the capital under private initiative, says a press release.

An agreement to this effect was signed between Swede Bengal Medicine Centre Ltd, and The ACME Laboratories Limited in the city yesterday.

An expert Swedish medical team comprising experienced surgeons and professional nurses shall cater to the needs of cardiac patients in the country, according to the release. The specialised hospital is expected to go into full-fledged operation at the end of the year.

3 deferred AGMs of CCCI held

STAFF CORRESPONDENT, Chittagong

Three deferred annual general meetings (AGMs) of Chittagong Chamber of Commerce and Industry (CCCI) were held yesterday at the chamber's auditorium.

The outgoing President of the CCCI Farid Ahmad Chowdhury was, however, not present at the AGMs. Ten former directors out of 22 of the immediate-past CCCI committee were also not present.

During the AGMs for the years of 1998, 1999 and 2000, many members while congratulating the newly elected committee urged new leadership to take initiatives to regain the 'lost' glory and dignity of the CCCI. They also stressed for accelerating primarily the business

and trade-oriented activities and play positive role to help make Chittagong the 'Commercial Capital' of the country in true sense.

The AGMs, held after long four and a half years, approved the annual reports, balance sheets and audit reports of CCCI for the three years.

DTO (Director of Trade Organisations) of Commerce Ministry Md. Mosharrar Hossain Bhuiyan, who chaired the AGMs, announced the results of the general elections due for 1998, 1999 and 2000 held on 30th June, 2002.

DTO Mosharrar Hossain Bhuiyan in his speech said the long due election on June 30 was held upon directive from court.

The President-elect Amir

Humayun Mahmud Chowdhury, outgoing vice president MA Latif, CCCI-members Emdadul Haq Chowdhury, AKM Akhter Hossain, Shahabuddin Ahmad, Showkat, SM Jahirul Haq and Professor Kamaluddin also on the occasion.

Meanwhile, the outgoing president Farid Ahmad Chowdhury, when contacted over telephone, told this correspondent as per law he was still the president of chamber and he had the sole authority to convene the AGMs.

"I skipped the so-called AGMs only to show respect to the court and to uphold the law and resolution of the Board of Directors of CCCI, which in its last meeting on June 29 unanimously gave me the authority to convene the AGM," he added.

Nepalese seek Bangladeshi investment in power sector

BSS, Dhaka

Nepal has stressed the need for a greater cooperation with Bangladesh in power sector and urged Bangladeshi entrepreneurs to invest in small hydroelectric power generation projects in the kingdom.

The call came when Pashupati P Chaulagain MP, leader of a 19-member high-powered official delegation from Nepal, was talking

to newsmen here yesterday at the end of a five-day visit to Bangladesh.

He referred to the existing state of electricity generation in both the countries and said that there were immense scopes of trade in power sector between the two members of SAARC (South Asian Association for Regional Cooperation).

"Natural gas is the potential source of power in Bangladesh while the source of electricity in

Nepal is water," Pashupati said and added that the reserve of gas in Bangladesh would be exhausted in 100 or 200 years, but water would be falling from the Himalayas forever.

He said some private companies are now generating electricity in Nepal. Bangladeshi investors also can avail of the opportunity, he added.

Replying to a question, Pashupati said 15 per cent Nepalese now have access to electricity.

The present power generation capacity of Nepal is 550 megawatts (MW) against the total demand of 630 MW during the peak hours. About 100 MW of the total generation comes from the private sector.

Referring to the problems of electrification in his country the Nepalese delegation leader said despite being a land of high hydroelectric potentials, establishment of national grid line is not economically viable there due to its topography.

Therefore, Pashupati said, mini hydroelectric plants are preferred in Nepal for convenient distribution.

The Nepalese delegation, comprising four lawmakers, seven local government representatives and eight Nepalese Power Division officials, came to Bangladesh on July 13 on a study visit to see the institutional and operational aspects of the rural electrification programme here undertaken by the Rural Electrification Board (REB).



The half-yearly business conference of Prime Bank Limited was held in the city on Tuesday. Chairman of the Board of Directors Quazi Sirazul Islam MP, Vice-Chairman Md Shahadat Hossain, Chairman of the Policy Committee Feroza Amin, Chairman of the Executive Committee M A Khaleque, members of the Board of Directors R A Ghani, Mohammad Aminul Haque, Mafiz Ahmed Bhuiyan, Director Representative M A Waahab, Managing Director Shah Md. Nurul Alam and Additional Managing Director M Shahjahan Bhuiyan are seen with the managers who achieved their deposit targets during the bank's anniversary month.



Afzal R Sinha, deputy managing director of ACME Laboratories Limited, and Peter Nordgren, managing director of Swede Bengal Medicine Centre Ltd, exchange documents of an agreement after signing it yesterday in the city. Under the deal, a modern cardiac hospital will be set up in the capital.