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6-month revenue earnings clock 9pc growth

REJAUL KARIM BYRON

Revenue collection amounted to Tk12,733 crore in the first half of the current financial year, posting around 9 percent growth.

The earnings in the July-December period of 2003-04 rose to Tk11.680 crore.

"Revenue income in December 2004 increased substantially by 574.89 crore or 28.78 percent to Tk 2572.13 crore compared to Tk 1997.24 crore collected in November 2004," said an official of National Board of Revenue (NBR).

Revenue income from customs duties was Tk 3432 crore, up by only 2.57 percent in the first half of this fiscal from last fiscal's same period.

Value added tax (VAT) amounted to Tk 4457 crore, showing a 13 percent growth during than that of last

Income tax amounted to Tk 1996 crore in the first six months of the 2004-05 fiscal, amounting to a 14.38 percent growth from the same period of last financial year.

The government has set the target for revenue income at Tk 32190 crore for the 2004-05 financial year, setting a 20 percent growth from last fiscal's income.

However, revenue collection was heavily hampered because of devastating deluge last year that disrupted business for a couple of weeks and the government could not go tough on the banks for that reason, NBR sources said.

Import duty is still the major source of revenue income for the government. With the start of the financial year, government reduced the tier, fixing the maximum rate at 25 percent," he added.

As a result, revenue collection did not rise though import went up by 25 percent in the first half of the current financial year, the official said.

Import of food items, raw materials and capital machinery increased substantially but since the rate of import duty is the lowest on these items, they failed to enrich the revenue collection.

Besides, the government took some new measures to see 20 percent growth in revenue collection but failure to successfully implement those is another reason for poor revenue performance.

Also, income tax collection was not satisfactory in the first half of the current financial year. Income tax revenue through encouraging taxpayers by self- assessment scheme did not get satisfactory response. The tax returns were poor and the NBR is now investigating the

DITF 2005

on Dec 1

begin on December 1.

UNB, Dhaka

in the chair.

said the handout.

begin on February 24.

now to begin

Dhaka International Trade Fair 2005

scheduled for February-March has

been deferred to the yearend as an

official announcement yesterday

said the month-long exhibition will

inter-ministerial meeting on organ-

ising the DITF 2005, with Commerce

Minister Altaf Hossain Choudhury

has been changed considering the

SSC examination in March-April

and the probability of nor'wester,"

The trade show was scheduled to

Earlier, the DITF was scheduled for January but rescheduled for

February in view of Saarc summit, which was set for January, meeting sources told the news agency.

"The date of the fair fixed earlier

The decision was taken at an



US Ambassador to Bangladesh Harry K Thomas speaks at the customers' gathering of Bangla CAT, the local official dealer of US infrastructure equipment giant Caterpillar, in Dhaka yesterday.

Cut graft, improve governance to boost growth rate: US envoy

STAR BUSINESS REPORT

US ambassador in Dhaka yesterday urged Bangladesh government to launch fight against corruption and weak governance to accelerate the

country's growth rate.
"In addition to developing basic infrastructure, Bangladesh must energetically attack the twin scourges of corruption and weak governance," Harry K Thomas said while addressing the customers' gathering of Bangla CAT, the official dealer in Bangladesh of US infrastructure equipment giant

"Citizens and investors need confidence in the effectiveness and fairness of country's regulatory and judicial system and to be confident

reform process of the NCBs.

opments of the banking sector last

MR: The banking sector under-

went several positive changes last

year. The government has success-

fully handed over Agrani Bank under

the private management of

PricewaterhouseCoopers. Rupali

Bank is preparing for privatisation

process, while Janata Bank is await-

ing completion of its consultant

appointment process. The central

bank has increased its monitoring,

fied loans to 20.85 percent and net

classified loans to 12.42 percent last

September. The central bank has

played a very active role in creating a

secondary market for two treasury

bonds. In an effort to lower the risk-

free interest rate and promote

investments in the stock market.

government has reduced the rates of

its savings certificates by 150-200

banking improved further last

DS: Do you think the quality of

MR: Quality of banking is a sub-

jective term and hard to respond to.

However, if we consider the quality

of services, cash management

coverage, treasury, trade, loans,

structured solutions, they have

improved a lot. Clients are now more

demanding and particular about

customized competitive solutions.

With the expansion of the economy,

structured solutions and project

finance capabilities are becoming

essential for the banking sector. We

have seen a few large structured

expanding. Banks are also poised to

participate in the growth with prod-

ucts such as consumer loan, car

loan, house loan, credit cards and so

on. Banks are booking more assets

and transaction accounts, however

there is more room to enhance the

service quality as consumer aware-

DS: What do you think is the

MR: The year 2005 is very crucial

challenge for the economy this

for Bangladesh economy. The

country has to face a few major

international events. With the

phase-out of Multi-fibre Agreement,

ness and expectation increase.

The consumer market is ever

financial transactions last year.

resulting in decline in gross classi-

that sanctity of contracts is respected," he said.

Moreover, for markets to operate effectively and fairly the pro-curement tendering process must be transparent and accountable," the ambassador suggested.
About US-Bangladesh trade

relations, he said as an ambassador he was concerned about his country's \$2 billion trade deficits with

He said, to promote US products US embassy along with American Chamber of Commerce in Bangladesh is going to organise US Trade Show in Dhaka between February 16 and February 18. Later in the same month, US products will be put on display in Khulna as part of American Week in Bangladesh.

Banking sector undergoes

positive changes in 2004

"Similarly, we are discussing with government to organise Bangladesh Road Show in three US cities later this year," Thomas disclosed.

Caterpillar is also the largest supplier of machinery and equipment to the Bangladesh Armed

Mark C Schoeneman, director and general manager of Caterpillar Australasia Region, and Nazim A Haque and Tarique E Haque, directors of Bangla CAT, also spoke at the function attended by hundreds of customers of Caterpillar products.

In 2003, Caterpillar posted sales and revenues of \$22.76 billion and a profit of \$1.1 billion. It invested \$670 million in research and technology

South Korea keen to invest in Bangladesh energy sector

UNB, Dhaka

South Korea is interested to invest in Bangladesh's prepaid gas meter, construction of transmission line and deep-sea gas and oil explora-

The keen interest was shown when Ambassador of the Republic of Korea Seong-Ung Park called on State Minister for Energy and Mineral Resources AKM Mosharraf Hossain here yesterday.

The state minister welcomed the offer and described areas of energy sector where investment would be profitable.

During the meeting, Park also expressed interest in development of new gas fields alongside exploration of the natural gas.

New executive director of Hotel Sarina



executive director of Hotel ness boutique hotel in Dhaka. Hamid is also the managing

a tour and travel wing of the same group. Prior to his new assignment, he was the general manager (GM) of the same hotel, says a press release.

Modern Cement second unit starts operation

Housing and Public Works Minister Mirza Abbas speaks at the inaugural ceremony of the second unit of Modern

Cement Ltd (MCL) yesterday on the outskirts of Dhaka. Among others, Mohammad Abdul Hai MP, Federation of

Bangladesh Chambers of Commerce and Industry President Abdul Awal Mintoo, MCL Managing Director Anisur

Rahman and founder president of Bangladesh Cement Manufacturers Association AKM Muhit Uddin were present at

STAR BUSINESS REPORT

Modern Cement Ltd (MCL), a publicly traded cement company, yesterday launched operation of its second unit catering 600 tonnes of cement daily to the huge market

With the launching of the second unit, the production capacity of the company reaches a total of 700 tonnes per day (tpd), said MCL Managing Director Anisur Rahman while speaking at the inauguration of the second unit located on the banks of the Meghna, 40 km from Dhaka.

The first unit with a 100 tpd capacity will be now brought under BMRE (balancing, modernisation, renovation and expansion), he added.

Modern Cement is utilising proceeds of Tk 10 crore raised through initial public offering (IPO) in January 2002 for the installation of its second unit

Referring to future plans, Rahman said operations of the company will be brought under full computerised

Housing and Public Works Minister Mirza Abbas inaugurated the operation of the unit. The function was also attended, among oth-

ers, by Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Abdul Awal Mintoo, Mohammad Abdul Hai MP and founder president of Bangladesh Cement Manufacturers Association AKM Muhit Uddin.

Speaking at the function, the FBCCI president said every year around 20 lakh workers join the job market aggravating the unemployment problem.

So, more investment in the private sector is needed for creating employment," he said adding, "We should ensure an environment conducive to private sector invest-

MCL raised Tk 6 crore in pre-IPO placement and Tk 4 crore from general investors through IPO which was managed by issue manager Equity Partners Limited.

MCL was incorporated under the Companies Act, 1994 on October 1, 2000, as a Public Limited Company with an authorized Capital of Tk. 200,000,000 divided into 20,000,000 ordinary shares of Tk 10 each.

However, MCL was launched in 1992, the first-ever private sector cement company in Bangladesh which was inaugurated by then

paid-up capital of the company was Tk 10,00,000 (ten lakh) with 100,000 ordinary shares of Tk 10 each.

On January 1, 2001, MCL entered into Vendor's Agreement with Modern Structural Services Limited (MSSL), the owner of a cement unit of 100 tpd capacity on a 638-decimal land on the bank of the Meghna.

MSSL also owns a re-rolling unit. Under the agreement, Modern Cement took over all the assets and liabilities of MSSL's cement unit as per their Audited Accounts for the period ending December 31, 2000.

As per the agreement, MCL issued 7,222,300 ordinary shares of Tk 10 each in favor of MSSL against the net

From the paid up capital of Tk. 1,000,000 (ten lakh) during incorporation, Modern Cement has been able to raise it up to Tk 73,223,000 through the acquisition of MSSL's

Later, through the public participation, the paid up capital of the company reached Tk 173,223,000. The Modern Group also owns Modern Brick, which is in the market for the past 25 years.

The Saarc summit has now been deferred to February, so several major events got jumbled together. Thereafter, there will be the advent of inclement weather of tropical As such, preparation for holding

the trade fair in time became difficult, necessitating the long defer-Commerce Secretary Md Aminur Rahman, Vice-chairman of the

Export Promotion Bureau Mir Sahabuddin Mohammd and top officials of FBCCI, DCCI, CCCI and high officials of foreign, information, public works, finance, education and commerce ministries were present at the meeting.

Bank holiday from Jan 20 to 23

UNB, Dhaka

Bangladesh Bank and all scheduled banks will remain closed from January 20 to 23 (Thursday, Friday, Saturday and Sunday) on the occasion of Eid-ul-Azha, said a Bangladesh Bank press release.

Yen holds near 5-yr high vs dollar

REUTERS, Tokyo

The yen held near a five-year high versus the dollar on Monday following comments by European Central Bank (ECB) officials last week seen as urging China to revalue its yuan The dollar was firm against other

major currencies except the yen, keeping a considerable distance, from its record low versus the euro hit at the end of last year, following strong US industrial production

"The dollar seems to have bottomed out, at least for now," said Hideaki Inoue, manager of forex customer sales at Mitsubishi Trust and Banking Corp. "The market is now focusing on Asian currencies ahead of the G7 meeting on February 4-5.

Traders expect the Group of Seven leading industrial nations to put fresh pressure on China to modify the yuan's virtually fixed exchange rate and allow it to rise against the dollar, which has been falling against other major currencies for the last three years.

As of 1935 EST, the dollar was fetching about 102.10 yen little changed from late Friday U.S. levels and near Friday's five-year low of

Bangladesh will have to compete in DS:What were the significant develan open international market. Our study reveals that order book size of the top RMG manufacturers is still healthy. Impacts, if any, shall surface beyond the middle of 2005. A number of smaller units may close down or merge with bigger ones to ensure operational synergy, which may leave a few hundred thousand workers unemployed. Re-training of workers and community-based economic activity are among a few effective options that one may consider to cope with the situation.

Mamun Rashid (MR) is the chairman of ICC Bangladesh Standing Committee on Banking Techniques

& Practice. He is also the CEO of Citibank NA, Bangladesh. The Daily Star's (DS) Inam Ahmed spoke to

Mamun to extract his views on some of the pertinent issues to Bangladesh economy, the significant

developments to the banking sector in 2004, challenges for the overall economy in 2005, industrial

developments, interest rate changes, post-MFA impact on export sectors and also touched upon the

Despite the recent drop in international oil price after the hike, the price level has apparently established its new floor. In 2004, the government reduced duties on oil imports to support Bangladesh Petroleum Corporation; and finally government has decided to pass on some amount of its burden to the end-consumers by increasing prices of diesel and kerosene by 15 percent. This was indeed the best possible option the government had. Akin to fuel price hike, gas price has also been increased by 2.27 percent. Price hike of diesel, kerosene and gas will contribute to inflation, resulting into perhaps weaker currency and higher import cost to the nation. However, things are not beyond control. Impact of these events could be mitigated through appropriate fiscal and monetary policies; and I am sure the policy

DS: What industries, in your view, should perform better this

makers are aware of these issues.

MR: The future of the country's economic growth will depend on manufacturing and exporting of non-traditional items, generating employment, ensuring adequate energy and clean water supply, investing in infrastructure, technology, communication and education, and improving law and order situation. In terms of better performing industries in 2005, energy, infrastructure and telecommunication, education and healthcare are expected to receive renewed interests, subject to policy support and removal of executive bottlenecks. On the manufacturing side, textile and pharmaceuticals have good potential. Bangladesh is in the radar of foreign investors, and we should use this opportunity by facilitating them on the ground. The benefits will include more job opportunities, trained local manpower, contribution to GDP and reduction in poverty through increase in per capita income of the population.

DS: Has there been any significant improvement in the labour market efficiency?

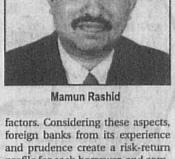
MR: Study suggests that labor allocation between sectors with regard to demand and supply has improved over time; hence labor market may be termed as relatively efficient. Considering the geographical movement of labor within the country, wage correlation is known to have close integration. This development has been sustained by policy reforms, and future labor market efficiency is expected to be better as the policies are becoming more and more market

DS: The banks have a huge exposure to the RMG sector. Do you think the MFA phase-out will put the banks at any risks?

MR: The type of exposures banks have will determine the level of risk. Most of the private commercial banks provided short-term working capital or letter of credit facilities, while long-term loan providers were nationalized commercial banks (NCBs). If MFA phase-out put our RMG exporters in dire strait, banks with short-term exposure are expected to suffer relatively less as compared to term lenders. No matter how bad the impact is on NCBs, these institutions are sort of ensured by the taxpayers. Even if the default loan increases in NCBs, by virtue of being huge public banks, they might expect some support from the government.

DS: Do you foresee further reduction of interest rates specially by the foreign banks in future?

MR: The overall lending rates of foreign banks are lower than the rates offered by private commercial banks. The NCBs offer lowest interest rates which are in some cases subsidized or directed by the government. Lending rates broadly depends on, inter alia, cost of fund. quality of lending assets, risk associated with repayment and collateral



profile for each borrower, and compete with all other banks in the market to win the business. From that perspective, there is no incentive for foreign banks to deprive an eligible customer and lose business.

DS: What is your view about the reform process of the NCBs?

MR: Bringing in dynamism in NCBs by hired management will depend on the level of authority given to them on vital issues. On the HR side, recruitment, early retirement, termination, incentive plans; on the commercial side, lending and pricing decision; and on the strategic side, level of financial support and confidence extended by the government are crucial.

In terms of implementing these initiatives, negotiation has to take place with trade unions, which are very powerful bodies within the government banks and enterprises. However, the involvement of private management may be considered as the first step towards privatizing these NCBs, and bringing in some amount of professionalism in this segment.

Oftentimes, a budgetary block fund is referred to; however it may not be possible to support the NCBs and their piled up bad loans through this process. Donors are already assigning rigid conditions such as improvement of law & order situation while considering support. The government has limited amount of resources on its plate and any cut from development budget would create social problem as the objectives of this expenditure are directed towards poverty alleviation.

However, there is a sliver lining in the horizon. The management of Agrani Bank has been successfully handed over PricewaterhouseCoopers. soon, consultants will be appointed for Janata Bank and the privatization of Rupali Bank is already in the

NATIONAL HEALTHCARE NETWORK

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Sealed tenders are invited from bonafide manufacturers/suppliers/accredited agents for the supply, installation, tasting & commissioning of items as stated below. Detailed description has been provided in the bidding documents (BD) available in the Accounts Section of NHN Head Office on all working days (from 9.00 a.m. to 4.00 p.m.). The last date of sale of documents is 31/01/2005. Tenders will be received in a tender box in front of room no. 609, NHN Head Office, up to 01/02/2005, 12:00 p.m. and tenders will be opened on the same day at 12:15 p.m. in presence of the tenderers.

Tender No.	Name of Tendered Item	Value of BD in Tk (Non-refundable)
NHN/ 45- 031/ TD-05	Laboratory Equipment (Electrolyte Analyzer, Elisa Reader, Coaglumeter, Shaker Incubator, Lab Rotator, Autoclave, Incubator, Hot Air Oven, Vortex Mixer, pH Meter, Balance, Gas Jar & Microscope)	Tk, 1,000/- (one thousand)

The authority is not bound to accept the lowest offer and reserves the right to accept or reject the whole tender or any part of it without assigning any reason whatsoever.

Dr. Abul Quasem Project Director

NHN for Diabetic, Nondiabetic & Diagnostic Services

