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BUSINESS

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Bajaj Auto eyes buying European plants

AFP, Mumbai

Bajaj Auto, India's second largest motorcycle manufacturer, is looking at forging a partnership with or buying Italy's Ducati or Britain's Triumph, both iconic marques, a report said Monday.

Bajaj Auto has been on the lookout for an appropriate acquisition or an alliance to boost its engineering and product development expertise to expand a product range currently limited to the 220cc range, the Economic Times said.

A big-ticket European brand like Ducati or Triumph would not only give Bajaj products a premium tag in the Indian market but also drive up export growth in developed markets, the report said without naming any sources.

The company's reported talks earlier with Japanese major Yamaha were also centred on technology sharing and expertise for bigger bikes, while offering engineering and manufacturing expertise for smaller motorcycles.

Bajaj Auto Ltd, headquartered in the western Indian city of Pune, has been fending off competition from multiple competitors including Hero Honda Motors which recently overtook it as India's largest manufacturer of two wheelers.

StanChart faces heavy taxes in S Korea

AFP, Seoul

South Korean tax authorities have sent bills totalling tens of millions of dollars to a US and a British financial group over the sale of a local bank, a newspaper said Monday.

Tax officials are seeking up to 20 billion won (21.7 million dollars) in taxes from US equity fund Newbridge Capital and 45 billion won from British-based banking giant Standard Chartered, the Korea Economic Daily said.

Newbridge bought a controlling stake in Korea First Bank (KFB) in 1999 following the Asian financial crisis which devastated the local banking industry.

The US fund reaped a massive profit of more one billion dollars on its investment by selling its stake in KFB to Standard Chartered in 2005.

Standard Chartered paid 3.4 trillion won to acquire a 49 percent stake in KFB from Newbridge and the remaining 51 percent from the South Korean government.

Newbridge did not pay a penny in South Korea by making investments through its unit in a tax haven in Malaysia, which has a treaty on preventing double taxation with South Korea.

South Korea revised its tax system last year to levy taxes on foreign investors even if they are registered in tax havens.

BEPZA ACTIVITIES-I

Steps taken to check misuse of bonded warehouse products

New moves to help earn Tk 50cr revenue a year

JASIM UDDIN KHAN

The Bangladesh Export Processing Zones Authority (Bepza) has taken a number of restrictive measures so that the duty-free bonded warehouse products cannot be illegally channelled to local market from export processing zones (EPZs).

"As part of the government's on-going reforms in different institutions and departments, we have taken measures to curb irregularities," Bepza Executive Chairman Brigadier General Ashraf Abdullah Yussuf told The Daily Star.

The measures include reinforcing vigilance over the EPZs and hike in staff salaries.

The Bepza sources hoped that the measures would help achieve the target of earning over Tk 50 crore revenue every year.

Meanwhile, a recent letter written by Bepza chief to the National Board of Revenue (NBR) has sought the NBR's permission for the local and foreign industrial units at the EPZs to sell their excess raw materials and rejected finished goods in the local market through paying duty to the national

exchequer.

According to the NBR, the industries located at the EPZs enjoy exemption of import duty, value added tax and supplementary duty on imported goods only for processing and export in accordance with Section 10 of the Bepza Act and Section 19 of the Customs Act.

The capital machinery and spares, instruments, apparatus and appliances, including testing and quality control equipment, that are imported for installation in an EPZ, are also entitled to duty-free facility.

NBR officials alleged that some of the manufacturing companies in the EPZs cash in on such facility and flood the local markets with the duty-free products evading a huge amount of revenue, and also posing an uneven competition to other importers who pay 7.5 percent to 25 percent duty and supplementary duty for the same products.

"We have already cautioned the industries who have previous track record of smuggling out products to the local market by issuing warning letters to them last

week. We beefed up vigilance against such ill practice," Ashraf Abdullah said, adding that the Bepza has realized about Tk 2 crore fine from 8-10 industries who are violators of rules.

The Bepza chief said in the letter to the NBR the board's strict monitoring on the facility of importing duty-free car for the owners of the industrial units in the EPZs has also been asked for, as some of those had abused the facilities and evaded government duty.

Besides, he said, the NBR has been asked for strong vigilance in and outside the EPZs to prevent any smuggling attempt.

"You know the Bepza has no authority to check or arrest anybody outside the EPZs if anyone tries to smuggle out duty-free goods. But the Customs officials can easily arrest anyone for such attempts anywhere in the country," Yussuf added.

The Bepza chief also disclosed that bonus and incentives for the members of the Bepza staff have been increased with a view to motivating them to refrain from any sort of involvement in illegal activities.



PHOTO: ISLAMI BANK BANGLADESH

Ajita Pasqual, chief executive officer of Seylan Bank Ltd of Sri Lanka, and Mohammad Abdul Mannan, deputy executive president and head of International Banking Wing of Islami Bank Bangladesh Ltd, exchange documents after signing a remittance agreement recently in Dhaka. Under the deal Bangladeshi expatriates residing in different countries will be able to send their money home through the branches of the banks.

Warid Telecom introduces economy ISD facility

Warid Telecom has introduced economy ISD facility allowing subscribers to make international calls at lower rates, says a press release.

Both postpaid and prepaid subscribers can make overseas calls at rates as low as Tk 7.50 a minute plus Warid charges and save up to 70 percent.

Warid subscribers can now talk to their near and dear ones in more than 55 countries including the US, United Kingdom, Malaysia, Singapore, Italy, South Korea, Canada, Australia, New Zealand, Japan, Germany, Hong Kong, China, Thailand, Netherlands and South Africa.

Earlier, the subscribers were charged Tk 18 to Tk 24 a minute plus operator's tariff for a call to those countries.

To avail the facility the subscribers have to dial 012 before the desired telephone number. The subscribers do not require any additional deposit for the economy ISD service.

Profit up 36pc at India's Tata Consultancy Services

AFP, Mumbai

India's largest software exporter Tata Consultancy Services said Monday that its first quarter net profit rose by 36 percent despite sharp gains in the rupee this year that hit earnings.

The firm, also known by its acronym, TCS, said net profit for the three months to June rose to 12.03 billion rupees (481 million dollars) from 8.83 billion rupees a year earlier.

Income in the first quarter rose nearly 27 percent to 53.65 billion rupees.

TCS shares fell 8.95 rupees or 0.79 percent to 1,127.9 ahead of its earnings statement, while the Indian stock market rose 0.25 percent or 38.5 points to a record 15,311.22.

Dealers had expected sharp gains in the rupee this year to a near decade high against the dollar to hurt local currency earnings, since many of the firm's clients pay in dollars.

TCS is part of India's diversified Tata group and employs more than 83,500 people from 60 different nationalities.

The Mumbai-based firm earns nearly half of its revenues from banking and financial services in an industry that relies on India's cheap but skilled English-speaking workforce.

TCS listed on Indian exchanges in August 2004 after raising 1.2 billion dollars.

Euro nears 1.38 dollars; pound hits new 26-yr peak

AFP, London

The euro neared a record dollar high on Monday, while the British pound struck the highest level since 1981 against the struggling greenback amid ongoing concerns over the US economy, dealers said.

The European single currency rose to 1.3794 dollars in early European trading, compared with 1.3781 late in New York on Friday.

The pound surged to a 26-year high of 2.0398 dollars as the British currency drew support from the prospect of rising interest rates in the coming months, dealers said.

The euro had shot to a record high 1.3814 dollars on Friday, against a backdrop of higher eurozone interest rates and worries over the health of the United States economy, analysts said.

On Monday, overall trade was somewhat muted with markets in Japan closed on Monday for a public holiday.

The main focus this week will be on the release of June US inflation data on Wednesday and US Federal Reserve chairman Ben Bernanke's semi-annual testimony to congress on Wednesday and Thursday.

Markets will be keen to hear Bernanke's assessment of the sub-prime sector's troubles and whether there is any major change in the Fed's inflation outlook.

"We do not think the interest rate news this week is likely to be very negative for the dollar, but with sentiment quite bearish, investors are likely to sell the dollar upon any rallies," said Barclays Capital analysts.

Tight monetary policy to hurt economy: FBCCI

STAR BUSINESS REPORT

The tight monetary policy will cast a negative impact on the country's economy, the country's apex trade body said yesterday.

"It will push up lending rate, affect private sector investment, increase cost of production and reduce private sector competitiveness," FBCCI (Federation of Bangladesh Chambers of Commerce and Industry) said in a statement.

The FBCCI also said the proposed increases in fuel, power and gas prices will threaten the economy.

The Bangladesh Bank has announced monetary policy for the first half of the current fiscal year (2007-08).

The FBCCI demanded the central bank to reconsider the contractionary policy for the sake of private sector growth, employment and economic growth.

The apex trade body also stressed the need for reducing government borrowing from the banking system to curb inflation, taking into consideration the adverse impact of raising commercial banks' mandatory reserve requirement with Bangladesh Bank.

OUTSOURCING BUSINESS

India faces threat from China

ANN/ THE STATESMAN

India remains the world's top outsourcing hub but is facing increasing threat from rival China due to India's high attrition rate, poor infrastructure and rising wages, a global research group said.

According to its 2006 global outsourcing survey, Frost & Sullivan said India was the favourite hub followed by China, Ireland, Singapore, Malaysia, Mexico, the Czech Republic, Poland, the Philippines and Canada.

The survey covered some 300 multinational firms in seven sectors: financial services, technology, health care, fast-growing consumer goods, transportation, energy, media and entertainment.

When respondents were asked to choose their top three outsourcing hubs, India scored 2.25, China 1.76 and Ireland 0.77.

But India's lead in the industry is being challenged by China's ability to cover lower end functions such as back office processing to high value services and its wide talent pool, the study found. Also, Beijing's hosting of key events such as the 2008 Olympics make it a strong contender, it said.

"India is faced with increasing threat from China which is emerging fast as an attractive location for information technology, research and development and procurement services," the study said.

China blames US media for fanning food fears

AP, Beijing

China's top quality control official accused foreign media of raising unnecessary alarm about the safety of the country's food and drug exports, complaining in particular about U.S. reports.

The U.S. and other countries have cracked down on Chinese products since the Food and Drug Administration found in April that North American dogs and cats had been poisoned by tainted Chinese pet food ingredients. Since then, a growing number of Chinese products have been found to contain potentially toxic chemicals and other adulterants.

Increasingly Chinese authorities have responded by prominently announcing their own rejections of imports, including orange pulp, dried apricots, raisins and health supplements from the United States apparently to show that they are not the only ones with food safety problems.

Most recently, China suspended some U.S. imports of chicken feet and pigs' ears.

"Some foreign media, especially those based in the U.S., have wantonly reported on so called unsafe Chinese products. They are turning white to black," said Li Changjiang, minister of the General Administration of Quality Supervision, Inspection and Quarantine.

NZ keen to resume FTA talks with Malaysia

AFP, Kuala Lumpur

New Zealand Prime Minister Helen Clark on Monday said her government is eager to resume free-trade talks with Malaysia and sees the services sector as a central component of an agreement.

"We're keen to see officials start serious talking again around the free-trade agreement negotiations with Malaysia, particularly focusing on services," Clark said.

New Zealand has a lot to offer Malaysia in areas of biotechnology, education and consultancy services, she added.

Clark said New Zealand has ongoing free-trade discussions with China and, together with Australia, with the 10-member Association of Southeast Asian Nations (Asean) group, of which Malaysia is a member.