Star
BUSINESS

DHAKA FRIDAY JANUARY 3, 2003

BRAC Bank launches remittance service

BRAC Bank Limited launched its foreign remittance programme yesterday.

Fazle Hassan Abed, chairman of BRAC Bank Limited, inaugurated the programme titled secured and easy remittance service (SERS).

Under the programme any remittance from Bangladeshi expatriates living abroad will reach the beneficiary anywhere in Bangladesh within 24 hours by using more than 1100 BRAC field offices.

BRAC Bank Limited has established remittance business with all most all Middle-Eastern Countries, where from Bangladeshi expatriates shall be able to avail this service.

The bank is expected to make the same arrangement with USA, UK and Singapore very soon.

Mercantile Bank's EC meet held

The 100th meeting of the Executive Committee of the Board of Directors of Mercantile Bank Limited was held in the board room of the bank at its head office in the city recently, says a press release.

Md Selim, chairman of the Executive Committee of the bank, presided over the meeting.

Directors of the bank Md Anwarul Haque, Golam Faruk Ahmed, SM Shakil Akhter, Akram Hussain, Md Aman Ullah, Md Abdul Hannan, Alternate Director Sitara Kabir, Chief Advisor Lutfar Rahman Sarkar, Managing Director M Taheruddin and Company Secretary AKM Shahidul Haque were present in the meeting.

The meeting discussed about the loan portfolio of the bank and took some important decisions for ensuring effective credit management.

Incepta Pharma annual sales confce held

The annual sales conference of Incepta Pharmaceuticals Ltd was held at a local hotel in the city yesterday, says a press release.

Incepta Pharmaceuticals Managing Director Abdul Muktadir inaugurated the daylong programme. Planning and Commercial Director Hasneen Muktadir also addressed the conference.

At the conference Abdul Muktadir discussed the performance of last year and the objective for 2003.

Hasneen Muktadir said the company is working very hard to achieve its goal to export its products soon.

Thai rice prices up

REUTERS, *Bangkok*

Thai rice prices have firmed over the last week and are expected to stay steady in coming days due to limited supplies, traders said yesterday. Thai 100 per cent rice grade B was offered at \$203 per tonne FOB from last week's \$200 per tonne FOB RICE/ASIA1.

"The market is quiet with only a few overseas buyers seen, and they are checking prices only," said one exporter.

"The local price has risen as less supply is available in the open market. Also, most mills will not resume operations until next week."

Mills offered to sell 100 per cent rice grade B to exporters on Thursday at 8,100-8,200 baht per tonne against last week's 8,000 baht/tonne.

One other factor supporting the price was an intervention scheme the government announced late last year, saying that it would buy rice from the 2002/03 crop, exporters said.

Ashraf Textile Mills okays 5pc dividend

Ashraf Textile Mills Ltd has approved a 5 per cent dividend for its shareholders.

The dividend was announced at the 20th annual general meeting of the company held at the mills premises at Tongi in Gazipur recently, says a press release.

The chairman of the company Abdur Rauf presided over the meeting.

A large number of shareholders including members of the Board of Directors were present at the meeting.

Put a cap on IOC exploration costs

Speakers at FBCCI-BEA seminar observe

STAR BUSINESS REPORT

Speakers at a seminar yesterday strongly opposed gas export and stressed the need for controlling the exploration cost of the international oil companies (IOCs), an area where the country has so far failed to look at.

Shell's cost at Sangu should have been \$160 million but finally the oil company put a fabricated cost of \$378 million, Dr Muinul Islam, former president of Bangladesh Economic Association (BEA), told the seminar.

Terming cost control of the IOCs a weak area, State Minister for Energy and Mineral Resources AKM Mosharraf Hossain said cost sharing has not been properly monitored in the past.

"But at present, we have taken adequate steps to monitor the cost of IOCs properly," he mentioned.

Earlier, former finance minister AMA Muhit said the government should form a separate unit to monitor different costs of the IOCs.

The seminar on 'Bangladesh's Socio-Economic Perspective: Natural Resources -- Water and Gas' was jointly organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the BEA at Osmani Memorial Auditorium in the city. FBCCI President Yussuf Abdullah Harun chaired the session.

Professor Abu Ahmed of the Department of Economics of Dhaka University said price and demand of natural gas are going up globally and price has doubled within the last three years only.

Mentioning the nation would get nothing by exporting gas, he said IOCs so far invested only US\$750 to \$800 million and Bangladesh cannot be taken hostage by making only several hundred million dollars investment.

Referring to the prescriptions made by the World Bank and Asian Development Bank earlier, Prof Ahmed said they were against the Jamuna Multipurpose Bridge but despite their opposition, the bridge has been complete.

Dr Muinul Islam said the national committee on gas utilisation did not seriously consider the demand side. He added if there is 5 to 6 per cent annual GDP growth now, demand for gas would go up by 10 to 12 per cent in the coming years. "The investigation report on Magurchchara incident should be published immediately."

The annual income from gas export would be less than three per cent of the present export earning and the country doesn't even need 'limited export', he said terming the national committee's recommendation for limited export an illogical one.

Hasanul Huq Inu, general secretary of Jatiya Samajtantrik Dal, suggested the government should impose value added tax and other taxes on exploration activities of the IOCs.

Inu recommended the BAPEX should be made a public limited company. "We should stop the issue of gas export now and think about cross border energy-based trade," the JSD leader added.

Earlier, BEA President Quazi Kholiquzzaman Ahmed said the recommendation for limited export from the IOCs share has no logic and the recommendation should be excluded from the committee's report.

PHOTO: **STAR**

Finance and Planning Minister M Saifur Rahman speaks at a dialogue on "Full Float of Taka: Is Bangladesh Ready for It?" organised by the Centre for Policy Dialogue (CPD) in the city yesterday. CPD Chairman Professor Rehman Sobhan, Bangladesh Bank Governor Dr Fakhruddin Ahmed and CPD Executive Director Dr Debapriya Bhattacharya are also seen in the picture.

Privatisation, reforms key to Indian market fortunes

AFP, *Bombay*

Indian stock markets are expected to build on last year's modest gains in 2003, driven by privatisations and government tax reforms, analysts said.

However, gains could be undermined by poor implementation of the expected reforms and global and regional security concerns, some warned.

The Indian stock markets ended 2002 on a note of cautious optimism, with the Bombay Stock Exchange (BSE) 30-share index closing 3.52 per cent or 114.95 points higher at 3,377.28 compared with the end of the previous year.

Fund managers and analysts said Indian markets should continue to be bullish over the next six to eight months.

In its budget due at the end of February, the government is expected to tackle tax reforms, the high fiscal deficit and to attempt to boost the privatisation programme.

"The markets will see negative and positive triggers. The concern is over taxation reform, long term capital gains issues, keeping the fiscal deficit in check and presenting a realistic privatisation plan," a senior official with Credit Suisse First Boston said.

Underpinning the market, inflows of foreign funds into Indian markets are expected to remain strong, he said.

"Over the short-term -- three or four weeks -- the BSE sensex will continue its upward trend towards the 3,600 level," said technical analyst Manoj Kakayia of ULJK Securities.

"From there a big correction is expected and the sensex could slide back to the 3,100 level, depending on the Iraq war scenario.

"But the long term outlook remains bullish and the 3,100 level for the sensex is seen as the bottom," he said.

India has positive factors going into 2003 -- strong forex reserves of over 64 billion dollars, higher industrial growth and a commitment to privatise state-owned corporations, dealers said.

The privatisation programme came to a standstill in September last year after rows within the cabinet forced the postponement of stake sales for two major oil firms, Hindustan Petroleum Corp. Ltd. (HPCL) and Bharat Petroleum Corp. Ltd. (BPCL).

The government last year only managed to raise 50 billion rupees (one billion dollars) from privatisation against a targeted 120 billion rupees.

But it has given a fresh commitment to selling off stakes in state-owned companies.

"There are two issues -- whether people accept it or not, targets do matter. Secondly, the longer the period taken to complete the deal, the worse it would get for the state-owned corporate," said a senior official at DSP Merrill Lynch.

"Pricing vagaries and transaction costs play a role if the disinvestment timetable is stretched," he added.

Indian markets had opened in 2002 on a positive note, backed by foreign institutional fund inflows, budgetary reforms and an optimistic privatisation target.

PHOTO: **MCCI**

Mohammad A Vayid, former minister of the government of Mauritius and currently chairman of Mauritius Research Council, meets the Committee of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) at the Chamber's office yesterday to discuss measures to explore the possibilities of improved trade and economic cooperation between the two countries.

JB, IPDC ink investment facility deal

Janata Bank (JB) is to provide Tk 300 million investment facility to Industrial Promotion and Development Company of Bangladesh Limited (IPDC).

An agreement to this effect was signed between the two sides at Janata Bank head office in the city on Wednesday, says a press release.

The money will be utilised for onward lending to projects in industrial and service sectors.

Murshid Kuli Khan, managing director of Janata Bank, and C M Alam, managing director of IPDC, signed the deal on behalf of their respective sides.

M Ziaul Huq, deputy managing director, Mahbubul Alam, general manager, Md Ashraf Ali, general manager, Syed Abdul Hamid, general manager of Janata Bank; and Khan Tariqul Islam, general manager and Md Yezdani Bhuiyan, senior manager of IPDC, were also present on the occasion.

IPDC provides services of various types including equity investment, long-term loan, leasing, working capital finance, corporate finance and advisory services.

The agreement marks a new era of cooperation between public sector and private sector bank and financial institution.

Janata Bank and IPDC have also agreed to extend their mutual cooperation in the field of project finance, project advisory services and syndicated finance.

Thailand to repay IMF debts ahead of schedule

AFP, *Bangkok*

Thailand plans to repay its debts to the International Monetary Fund (IMF) ahead of schedule in three instalments over the first half of 2003, Finance Minister Somkid Jatusripitak said Thursday.

Somkid said that with Thailand's economy on an upswing, the cabinet had decided it would send a positive message to foreign investors by clearing the outstanding debt of 4.8 billion dollars.

"If Thailand continued to be under the IMF program, the image of the country would not be so impressive," he said at a news conference.

"Thailand will pay in three instalments, the first in January with 1.6 billion US dollars and then we will have discussions about the next two payments of 3.2 billion US dollars within six months."

Under the original schedule of the rescue package Thailand agreed to during the financial crisis of 1997, payments to the IMF were to have been completed in May 2005.

Actual drawdowns from the IMF program totaled 12 billion dollars from a line of 17.2 billion dollars.

Somkid said the loan prepayment will not significantly impact the country's foreign currency reserves, which stand at roughly 38 billion dollars.

The balance of payments account is still in surplus by 7.5 billion dollars while the trade account is expected to remain in surplus, he said, adding that prepayment will help save 126 million dollars in interest expenses.

PHOTO: **IPDC**

Murshid Kuli Khan, managing director of Janata Bank, and C M Alam, managing director of Industrial Promotion and Development Company of Bangladesh, exchange documents after signing a Tk 300 million investment facility agreement at Janata Bank head office in the city on Wednesday.

Megawati issues decree to clear indebted tycoons

AFP, *Jakarta*

Indonesian President Megawati Sukarnoputri has issued a controversial decree which rules out criminal charges against former bank owners who have finally settled their huge debts to the state.

But Megawati, in the decree issued on December 30 but received Thursday, warned that other ex-bankers who fail to repay their debts will be prosecuted.

Megawati instructed financial authorities to issue letters of "release and discharge" for the businessmen who have repaid their debts. The letters will effectively clear the debtors from any criminal liability.

"To those debtors who fail or refuse to settle their obligations to the Indonesian Bank Restructuring Agency (IBRA), firm and concrete legal action shall be taken against them," the decree said.

Megawati, in her New Year's speech, defended the decision to issue the release and discharge letters, saying without urgent action the debt problem could trigger difficulties in "other areas."

She said it was part of a scheme agreed with the International Monetary Fund, which is coordinating a five-billion dollar economic recovery program for Indonesia.

Many quarters have criticized the policy, saying it betrayed the public's sense of justice.

IBRA chairman Syarifuddin Temenggung, quoted by the Kompas daily, said he would propose discharge letters for five former bank owners who have settled their debts to the agency.

They include IBRA's largest debtor the Salim Group, which had a total debt of 52 trillion rupiah (5.8 billion dollars).

The other four are Ibrahim Risjad of Bank Risjad Salim Internasional, Sudwikatmono of Bank Surya, Liem Hendra of Bank Budi Internasional and The Ning King of Bank Baja Internasional.

Between 1997 and 1999 the central bank extended liquidity assistance to numerous private banks hit by the regional financial crisis.

Japan to take action against yen's surge

AFP, *Tokyo*

Japanese monetary authorities are ready to take action to curb sharp gains in the yen against the dollar, a finance ministry source was quoted by Jiji Press as saying on Thursday.

The yen's recent gain was mainly due to "speculative moves based on recognition that it is difficult for Japanese authorities to intervene in the market during year-end and New Year holidays," the unnamed source said.

But "we are in a position to take action whenever necessary," the source said, adding that the Bank of Japan could intervene in New York or European markets while Tokyo markets are closed.

Japanese financial markets will be closed until January 6 for holidays.

The dollar fell below 119 yen this week, due to concerns about a possible military campaign against Iraq and the huge US external deficit, dealers said.

At 12:30 pm (0430 GMT), the dollar traded at 119.02 yen in Singapore against 118.77 yen in New York and 118.68 yen in Singapore on Tuesday. Markets were closed in Singapore on Wednesday for New Year's Day.

A strong yen makes Japanese products less competitive abroad and decreases the value of repatriated overseas earnings.

businessmen by refusing to sign an extradition treaty.

PHOTO: **ASHRAF TEXTILE MILLS**

Abdur Rauf, chairman of Ashraf Textile Mills Ltd, presides over the 20th annual general meeting of the company held at mills premises at Tongi in Gazipur recently.

Gulf bourses soared on high oil prices last year

AFP, *Riyadh*

The US military buildup in the Gulf and threats to attack Iraq strongly influenced Mideast stock markets in 2002, but Gulf shares bucked the global downward trend and prospered on high oil prices, analysts said Wednesday.

As stock markets in most of the oil-rich Gulf Arab states and Iran rose sharply, other stocks in the region fared poorly due to political uncertainty and the Palestinian uprising.

The Tehran Stock Exchange's (TSE) all-shares index, the TEPIX, ended 2002 on 5,044.06 points, up 41.3 per cent from 3,570.90 a year ago.

The TSE-50 listing of the top 50 companies closed 27 per cent up at 298.22 points from 234.74 at end-2001.

Abbas Dehghan, director of market surveillance in the TSE, also pointed to the performance of the TEDPIX (Tehran Stock Exchange Dividend and Price Index), up 58 per cent to 11,098.18 points from 7,020.36.

Qatar's CBQ Index was the best performer among the Gulf Arab states, gaining a staggering 40.4 per cent to finish 2002 on 420.48 points from last year's 299.43 points, the Riyadh-based Bakheet Financial Advisors (BFA) said.

The Kuwait Stock Exchange (KSE) followed a 27-per cent increase in 2001 with a whopping 39 per cent jump in 2002, reaching 2,375.3 points, its highest level since March 1998.

Oman's MSM Index closed the year on 191.86 points, up 26.1 per cent on 2001 closing of 152.08 points, while the United Arab Emirates' NBAD Index rose 14.5 per cent to finish 2002 on 3,408.49 points from last year's 2,976.45 points.

The Lebanese BLOM Index also gained 4.3 per cent to close on 453.2 points at the end of 2002 from last year's 434.45 points.

A substantial part of the gains were scored after Lebanon secured in November a 4.4 billion-dollar assistance pledge from international donors to tackle its huge debt problem.

In Saudi Arabia, the Tadawul All-Shares Index (TASI) finished the year on 2,518.08 points, up 3.6 per cent on the 2001 closing of 2,430.11 points.

TASI made most of the gains in the first half of the year when the index hit 2,927.23 points on May 20, an all-time record, up 20.4 per cent on the end-2001 closing.

TASI has the highest capitalization of any stock market in the Arab world at about 75 billion dollars at the end of trading in 2002, but operates only as an interbank system.

Bahrain BSE Index finished 2002 on 1,821.49 points, up 3.4 per cent from 1,761.46.

In Egypt, the broad-based Hermes Financial Index added 98.92 points, or 1.8 per cent in 2002 to close on 5,371.42 points from 5,272.5 points.

Egypt suffered from a decline in tourism after the September 11, 2001 attacks on the United States, which forced a currency devaluation in January 2002, and US threats of war against Iraq have increased investors' worries.