

BB governor sees more reforms for NCBs

STAR BUSINESS REPORT

Bangladesh Bank Governor Dr Fakhruddin Ahmed yesterday said the nationalised commercial banks (NCBs) should undergo more reforms to upgrade service standard and attain better financial health.

Appreciating high customer service standards of private commercial banks (PCB), he said good corporate governance and efficient management are the secret of PCBs' success.

He was speaking as chief guest at the inaugural ceremony of a daylong workshop titled "Budget Reporting" organised by Economic Reporters' Forum (ERF) at a local hotel yesterday. A total of 48 economic reporters of different Dhaka-based newspapers participated in the workshop.

He said the banking sector will benefit from the current reform programmes.

The governor said banking sector should be more transparent in disclosing financial health to the media and the public.

As it is a fiscal roadmap to national growth, he said, budget reporting should be analytical and in-depth so that people can understand how it will have impact on their lives.

However, he said reporting should not be speculative and opinionated.

Finance Secretary Zakir Ahmed Khan, National Board of Revenue Chairman Shoaib Ahmed and Centre for Policy Dialogue Executive Director Debapriya Bhattacharya were resource persons at the workshop.

Sponsored by Citibank NA Bangladesh, the workshop was also attended by ERF President Shamsul Haque Zahid and General Secretary Showkat Hossain Masum. CEO of Citibank Bangladesh Mamun Rashid distributed certificates amongst the participants.

KCCI president asked to explain on administrator appointment

QUAZI AMANULLAH, Khulna

The government has asked the incumbent president of Khulna Chamber of Commerce and Industry (KCCI) Shaikh Nazrul Islam to explain why an administrator should not be appointed in the KCCI for ensuring free and fair election of the trade body.

The Directorate of Trade Organisation of the commerce ministry on Tuesday last issued the show-cause notice asking the chamber chief to reply to the notice within one week.

scheduled for the KCCI polls for electing 21-member executive committee for a term of two years.

The show-cause notice came following allegations from many business leaders that the incumbent president, who has been holding the post for the last 14 years, has resorted to illegal practices for ensuring his success in the polls.

The KCCI elections could not be held as per schedule on December 12, 2002 allegedly due to legal complications created allegedly by the president.

The chamber president could not be contacted for his comment.

Incentives sought for fruit processing

STAR BUSINESS REPORT

The government should give incentives to fruit processing sector to boost fruit exports, speakers at a seminar yesterday said.

A lot of fruits rot due to the lack of storage and proper processing facilities which are essential for increasing fruit export, said the speakers at the seminar organised by Bangladesh Agricultural Research Council (BARC) in Dhaka yesterday in observance of Fruit Tree Plantation fortnight 2003.

Addressing the function as chief guest, Agriculture Minister MK Anwar said the government has nothing to do with marketing.

"I don't know why the number of cold storage in Bangladesh has not increased over the years," he said.

While speaking as special guest, Mirza Fakrul Islam Alamgir, state minister for agriculture, said, "Increase in fruit production would

remain a far cry if we failed to resolve marketing problem."

While presenting the keynote paper titled "Production, Preservation and Marketing of Indigenous Fruits," Professor Md Mofazzal Hossain of Bangabandhu Sheikh Mujibur Rahman Agriculture University said employment opportunities would increase manifold if fruit-based industries are set up in a bigger way.

"Action should be taken against unscrupulous fruit traders who use chemicals for brightening the colour of fruits. Such artificial colour gives a good look to fruits, but quality is decreased," said Professor Mofazzal.

Presided over by Agriculture Secretary Aiub Kaderi, the seminar, among others, was addressed Dr AM Faruk, vice-chancellor of Sher-e-Bangla Agriculture University and Amzad Khan Chowdhury, managing director of Pran.

More budget allocation for women demanded

STAR BUSINESS REPORT

A women welfare organisation yesterday demanded an increased allocation for women in the forthcoming budget.

The Bangladesh Nari Pragati Sangha (BNPS) demanded seven per cent allocation against the existing three per cent.

The organisation also demanded collateral-free large loans for women entrepreneurs.

"Women have proven their entrepreneurship potential in recent years and are now capable of setting up large enterprises," said Rokeya Kabir, executive director of the BNPS, at a press conference at the National Press Club.

BNPS Vice President Kazi Modina and Bangladesh Institute for Development Studies (BIDS) researcher Protima Pal were pres-

ent at the press briefing.

"Women should not be treated as ones that belong to vulnerable group development (VGD) or vulnerable group feeder (VGF) categories. At present, they are doing better in small and medium enterprises (SMEs) like poultry and handicraft business," said.....

To promote the products of women entrepreneurs they demanded setting up a separate marketplace at the state level.

BNPS leaders also criticised the government for not consulting them at the pre-budget discussions.

The organisation also demanded increased allocation for gender related education.

They said banks should start accepting ornaments of women as collateral while sanctioning loans.

Cars roll into middle-class porch

M ABDUR RAHIM

Car is no more an upper class luxury, rather it is now a middle-class necessity. And banks with their innovative schemes have helped people dare to dream of buying cars that only recently were considered beyond reach.

After the relaxation of government policies on import of brand new cars leading private commercial banks have come up with lucrative schemes to help the middle and upper middle class to get cars -- both reconditioned and new.

When a person finances the purchase of a car, he or she makes a down payment and borrow the rest. As long as he or she continues to make payments, the person is the rightful owner of the car as per the schemes.

These are the ideas, which the banks were trying to sell during the just concluded International Motor Show-2003 in Dhaka. The idea was to create awareness among the people about loan packages available for car purchases.

The banks, which participated included Standard Chartered Bank, Hongkong Shanghai Banking Corporation (HSBC), Dhaka Bank Prime Bank and BRAC Bank.

The schemes offer flexibility, affordability and easy repayment options.

Standard Chartered Bank Auto Loan Scheme offers up to 75 per cent loan on the total car value with a maximum Tk 40,00,000 ceiling. The maximum repayment period is 48 months for reconditioned cars and 60 months for new cars.

The bank has fixed 16.5 per cent interest with one per cent loan processing fee. Anyone with a minimum earning of Tk 25,000 per month qualifies for the loan, officials of the bank said.

"A client does not require any personal guarantee or cash security to qualify for auto loans. But if a customer provides 30 per cent or more on the loan amount as cash security, the applicant can borrow an amount equivalent to the total value of the car and also enjoy the

discounted interest rates," Sarwar Hossain, an official of Dhanmondi branch of the bank, said.

HSBC offers loans up to 70 per cent on the total value for both the reconditioned and new cars capped at Tk 20,00,000. Borrower has to repay the loan with maximum 48 monthly installments with an interest rate at 15.5 per cent. Similar to

Standard Chartered Bank, the HSBC charges one per cent in loan processing fee.

To qualify for the loan facility, a client does not require any personal guarantee or cash security.

One of the conditions for the eligibility is that a loan aspirants must have a minimum monthly income of Tk 20,000 and two years

of service period. The scheme is open to self-employed people who have steady earning sources.

"The interest rate has been reduced to 15.5 per cent from 18.5 per cent as part of a May 12-July 31, 2003 campaign. We are getting good response during the campaign," said Shaeakh, sales officer of HSBC Bangladesh.

The application processing turnaround time is 72 hours, which is the quickest in Bangladesh, he added.

Dhaka Bank offers 70 per cent loan on the total value of a car with a maximum loan ceiling of Tk 7 lakh.

Repayment period is fixed at 48 months with equal monthly installments for reconditioned cars and 60

months for new cars. Applicant has to submit two per cent of the total loan in processing fee. Interest rate has been fixed at 17 per cent for salaried people and 16 per cent for businessmen. But salaried people have to make 30 per cent of the total value of the car in down payment. Businessmen, however, will have to make a down payment of 40 per cent on the total value of the car.

Consumer Credit Scheme of Prime Bank offers Tk 10 lakh loan for new cars and Tk 7.50 lakh for reconditioned cars. People from all professions can get the loan facility with a 40 per cent down payment. Repayment period is five years for new cars and four years for used vehicles. The bank charges 16 per cent interest. Processing fee is one per cent.

BRAC Bank charges the lowest interest rate in market. The rate varies from 8.5 per cent to 9.5 per cent depending on the collateral. A person providing 25 to 49 per cent security will be charged 9.5 per cent interest. While a person providing 50 per cent or above security will be charged 8.5 per cent interest on the total car value.

Any car priced in the range of Tk 2 lakh to Tk 35 lakh can be purchased under BRAC Bank Auto Loan Scheme. Loan has to be repaid through equal monthly installments within a maximum repayment period of five years. The bank finances 100 per cent on the value of the car with adequate security against loan.

The special feature of this scheme is that it allows borrowers to defer two loan installments per year. It keeps the option for a borrower not to make installments during Eid months.

"Because of the lowest interest rate in the market, we are getting huge responses and the fair was a great success for us," Redwan Ahmed, team leader of the loan scheme, said.



BANKING ON BANK LOANS: Cars on display at a showroom in Dhaka yesterday. Once an upper class luxury, autos are now within reach of middle-class people as several private banks have come up with lucrative auto loan schemes. Car buyers can get maximum Tk 40 lakh loan with competitive interest rates.

PHOTO: STAR

DR Toiletries markets herbal cream

UNB, Dhaka

DR Toiletries, a local cosmetics manufacturing company, has marketed herbal cream for figure-conscious ladies.

The company claimed its Alive Multi Herbal Bust Cream, prepared under Chinese herbal formula, will make chest tissues stronger without any side effect.

Kamruzzaman Ripon, the company's executive, introducing the products to the media yesterday said they are the first in Bangladesh to manufacture herbal beauty-care products with Chinese formula.

The company has also marketed Alive Hair Oil and will soon come up with two other herbal products, he said.

BEPZA, BanEx sign lease agreement

Bangladesh Express Co Ltd (BanEx) signed a lease agreement with Bangladesh Export Processing Zone Authority (BEPZA) in Dhaka recently, says a press release.

Under the accord, BanEx will use an office space as lease in Export Processing Zone at Comilla for its 18th World Service Centre in Bangladesh.

Muhammad Nazrul Islam, member, Investment Promotion of BEPZA, and Bashir AK Chowdhury, executive director of Bangladesh Express Co Ltd, represented on behalf of the signing parties during the ceremony.

AZM Azizur Rahman, general manager of Investment Promotion, BEPZA, and Tapan Kumar Bank, deputy general manager, Accounts and Finance of Bangladesh Express Co Ltd, were also present.

Bangladesh Express Co Ltd, Licensee of Federal Express Corporation, USA is one of the leading express service companies in Bangladesh.

Since its startup, BanEx has a very significant role in express market providing door-to-door pickup and delivery.

The current agreement with BEPZA to set up a service centre in Comilla EPZ will help Bangladesh Express enhance its efforts and competitiveness in the growth of express market.

Exporters want duty-free raw material imports

Five-year low prices in global market deal a blow to forex earners

STAR BUSINESS REPORT

In the face of five-year low prices in the global market, exporters sought exemption of import duties on raw materials and spare parts and rebate on utility charges to cut production cost.

As prices of major export items dipped sharply, there is no option but to go for cost cutting measures, they felt suggesting the government withdraw VAT on gas, electricity and phone bills and allow duty-free import of raw materials that would help them remain competitive in the export markets.

The exporters had to sell an additional 15 per cent of their products on an average to earn every single dollar last fiscal.

Amid continuous price slump, exporters had also to increase volume this fiscal to keep their income at par. During the July-March period of the current financial year, export price dipped by

around 10 per cent while the volume rose by 16 per cent, according to an official estimate.

According to a commerce ministry review, prices of readymade garment, knitwear, frozen food and jute goods which account for 85 per cent of the total export earnings dipped to a five-year low in the current financial year.

President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Quazi Moniruzzaman said the exporters are forced to spend more money for bank and port charges, besides giving bribe to different government offices that actually push the cost of doing business high.

"We have been facing drastic price fall in the global market for the last two years. The government should continue reduced port charges instead of only six months. Besides, the exporters should be

given a relief by withdrawing peak hour electricity bills," the BGMEA president added.

President of Bangladesh Knitwear Manufacturers & Exporters Association Monjurul Huq said price situation did not improve at all. The exporters have already taken some measures as part of their cost cutting efforts. Now, the government should give some supports like exemption of duties on chemicals and spare parts used in knitwear.

Though there are provisions for getting back the amount of VAT on electricity and phone bills, present system is very complicated. In gas bills, the amount charged for gas use and VAT are not mentioned separately and the exporters can't get the amount back, he added urging the government to solve the problem immediately.

Chairman of Bangladesh Textile Mills Association MA Awal said it is very difficult to make a textile unit

viable with present high interest rate. "We don't want cash incentive. But we need to cut production cost to remain competitive in the global market."

The government should give rebate on gas, electricity and phone bills and exemption of duties on chemical, dyes and spare parts imports to make yarn and fabric available at home at international prices.

President of Bangladesh Frozen Food Exporters Association Kazi Monirul Haque said the exporters are in a serious trouble due to peak hour electricity bills that ultimately push overhead cost up.

VAT on phone, electricity and gas should not be continued as shrimp prices dipped as low as 50 per cent in the global market during the past two years, he felt.

Dyeing, printing plants at Adamjee site demanded

UNB, Dhaka

Leaders of dyeing and printing factory owners' association have demanded allotment of separate enclave at Adamjee textile village for setting up factories.

The demand was placed at a meeting with Industries Minister Maulana Matiar Rahman Nizami in his office yesterday.

They informed the minister that unplanned growth of dying and printing factories has created serious environment problem due to release of contaminated water and wastes.

Agreeing with their views the minister assured the factory owners of considering their demand after examining the matter.

The delegation included Badrul Huda, Azizul Haq, Abdul Haq, Ataur Rahman, Ayub Ali and Mesbahuddin Chowdhury.

Later, Ye Lian, chief representative of China National Complete Plant Import & Export Corporation, met the minister and pleaded for removing obstacles in implementing the Ammonium Phosphate (DAP-1) project.

New MD of Bay Leasing



GM Salehuddin Ahmed has recently joined Bay Leasing and Investment Limited (BLIL) as its managing director, says a press release.

Prior to joining BLIL, he was the acting managing director of Saudi Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO), a joint venture non-bank financial institution (NBF) owned by Saudi and Bangladesh governments.

in Sylhet, SS Money Exchange Centre in Feni, and Tanvir Moneychanger in Moulvi Bazar.

The Bangladesh Bank also increased the yearly licence fee of the money exchange firms to Tk 5000 from Tk 2000.

If any moneychanger's yearly transaction declines due to unavoidable circumstances, the central bank may consider renewal of its licence upon written commitment that it will improve the yearly transaction to prescribed limit.

But a moneychanger will get the chance only once in its business life. All the moneychangers are required to submit their annual transactions to the central bank.

44 more moneychangers axed

STAR BUSINESS REPORT

The central bank yesterday cancelled licences of 44 more money changing firms as they failed to achieve their annual transaction targets.

Earlier, the central bank in several phases had cancelled licences of different firms, which failed to comply with latest rules of achieving annual transaction of \$0.25 million and net asset of Tk 1 million.

The Bangladesh Bank tightened its rules after Finance Minister M Saifur Rahman asked it to submit a report on the moneychangers and expressed his doubt whether they are involved in hundi, the illegal money transfer system. "These licences have been cancelled due to violation of the Foreign Exchange Regulation Act,

1947," the Bangladesh Bank said in a statement.

The firms which lost their licences are Abroad Moneychanger, Jasia Moneychanger, Reliance Moneychanger, Sun Rise Money Exchange, Ismail Moneychanger, Raiyan Moneychanger, Chand & Sons Moneychanger, Rupsha Money Exchange, Florence Money Exchange, Imperial Money Exchange, Escort Foreign Exchange House, Western Allied Money Exchange Ltd, B Huq Moneychanger, and Foreign Currency Exchange Centre all located in Dhaka.

Other Dhaka-based firms included Good Deal Money Exchange, Hezaz Money Exchange Co, Sohagh Money Exchange Ltd, Times Money Exchange, Tahia Money Exchange, Motijheel Money

Exchanger, Nova Moneychanger, Master Money Exchange Ltd, Nabin Moneychanger, Shapla Moneychanging Co Ltd, Multi Media Money Exchange Co, Korobi Moneychanger, Al Rouda Moneychanger Ltd, Otshi Money Exchange, Mohona Money Exchange Co, Al Mizan Money Exchange International, Brothers Moneychanger, MSE Money Exchange, Kushiara Moneychanging, and JR Moneychanging.

Other licence losing moneychangers located outside Dhaka are RN Co Moneychanger, Regency Money Exchange, G Haider Money Exchange, JBS Money Exchange, Bangladesh Money Exchange Corporation in Chittagong, Farmex Money Exchange, Mitul Money Changer and Nuri Money Changer