

Rangpur Foundry declares 16pc dividend

Rangpur Foundry Limited (RFL) has declared a 16 per cent dividend for its shareholders.

The dividend was declared at the company's 23rd annual general meeting (AGM) held at Dhaka on Thursday.

The AGM, presided over by RFL Chairman Mahtabuddin Ahmed, was informed the pretax profit of the company increased by 3.09 per cent from Tk 1.94 crore in 2001 to Tk 2.28 crore in 2002.

The turnover of the company also increased by 17.22 per cent, which was Tk 34.02 crore in 2001, says a press release.

RFL directors Sabiha Amjad and Amjad Khan Chowdhury and Managing Director Ahsan Khan Chowdhury were also present at the meeting.

JOBS holds two training programmes

Job Opportunities and Business Support (JOBS), a project funded by USAID Bangladesh, conducted two training programmes for the staff of seven partner organisations of Women Empowerment through Employment and Health (WEEH), a project of International Labour Organisation (ILO), recently.

The training programmes include two-week training for trainers on entrepreneurs development and business management (EDBM) for the staff and weeklong EDBM course for 4,000 women entrepreneurs of those NGOs, says a press release.

Ansar-VDP Unnayan Bank cuts interest rate

Ansar-VDP Unnayan Bank has decided to reduce its interest rate by three per cent.

The decision was taken at a meeting of the Board of Directors of the bank held in Dhaka recently, says a press release.

The decision follows the government policy to reduce the lending rate.

The interest rate on bank loan has been cut to 15 from 18 per cent.

The new rate will be effective from July 1, 2003.

Dhaka Bank's personal loan programme in Sylhet

Dhaka Bank Limited has introduced personal loan programme in Sylhet. Azam Reza, head of Personal Banking and executive vice-president of the bank, demonstrated the product to the clients at a meeting, held in Sylhet on Wednesday, says a press release.

Vice-President of Dhaka Bank Ltd Laaldeooghir Paar branch Sakir Amin Chowdhury and Senior Principal Officer of Personal Banking Programme Mizanur Rahman also spoke at the meeting. The facilities and processes of Personal Banking Programme were discussed in the meeting.

StanChart to open branch in Afghanistan

AFP, Hong Kong

British-based bank Standard Chartered said yesterday it has applied for a banking licence in Afghanistan and hopes to open its first branch in Kabul.

The bank said it intends to be the first major international bank to open commercial banking activities in war-torn Afghanistan and expects to initially offer a range of banking services including deposit taking in US dollars and Afghanis, facilitation of money transfers and other trade services.

"With our expertise and extensive network, Standard Chartered is uniquely placed to help provide assistance for ensuring efficient flow of donor and aid funding and for progressing rebuilding efforts of both the economy and the country for the benefit of the Afghan people," said David Edwards, regional general manager for the bank's operations in the Middle East and South Asia. John Janes, Standard Chartered's country manager for Afghanistan, said the bank's application was "warmly received" by authorities in a ceremony Thursday.

Dhaka seeks penalty waiver on quota over-utilisation

RAFIQ HASAN

Dhaka has urged Washington to waive a penalty, which the US imposed for over utilisation of quota in its market by the Bangladeshi garment exporters.

In a recent letter to US Trade Representative Ambassador Robert B Zoellick, Commerce Minister Amir Khoshru Mahmud Chowdhury sought waiver of the penalty which the US authority imposed by deducting 3.50 lakh dozens of readymade garments (RMG) from this year's quota allocation.

A total of 1.75 lakh dozens of RMG in 347/348 categories mainly trousers were seized by the US authority which had been shipped beyond allocated quota in those categories. A total of 35 lakh dozens quota was allocated for export in the year

2002, in 347/348 categories.

Around 200 leading RMG exporters were involved with the over shipment of exportable goods. The US authority released the goods following an agreement between Dhaka and Washington that the double amount of quota would be deducted from the following year's export limit as a penalty.

The commerce minister later resolved the issue through signing the agreement with the US authority. But now Dhaka considers the penalty will be a big blow to the country if such amount of quota is deducted from the current year's allocation.

For the year 2003 the allocated quota for those categories is 39 lakh dozens. The minister cited adverse impact on the over all export sector if the

penalty is realised.

The commerce minister requested the US authority to consider the suffering of 200 exporters for the quota deduction. The RMG is the main export item of the country and more than 40 per cent of its export goes to the US.

Bangladesh fetches more than US\$2 billion by exporting goods to the US.

The US allocates quota in January each year and it completes on December 31. The US allows highest 20 per cent over shipment every year than the quota limits for each category.

Around 20 categories of RMG are exported from Bangladesh to the US. Allocations in some categories however remain unutilised. On an average 20 per cent quota often remains unutilised.

Concerted efforts needed to lower interest on deposits, lending rates

Kazi Abdul Mazid tells *The Daily Star*

REJAUL KARIM BYRON

Concerted efforts are needed to bring down high rate of interest on deposits to lower lending rates, said Kazi Abdul Mazid, a member of the Bank Reforms Committee.

He said private commercial banks (PCBs) are offering high rates on deposits, as depositors are generally shy to deposit with private banks, Mazid told *The Daily Star* in an interview recently.

Mazid, the lone banker in the Committee formed by the government, also said the finance ministry restriction on placing deposits with the PCBs is one of the reasons to hurt depositors' confidence in PCBs.

Mazid, also advisor to Premier Bank, said the restriction gives the depositors an impression that nationalised commercial banks (NCBs) are safer than the PCBs.

"So, depositors ask for high rates of interest to deposit something with



Kazi Abdul Mazid

the PCBs," Mazid said. "This restriction should be withdrawn."

Mazid identified five reasons on which interest rates on loans depend. These include cost of fund, risk perception, cost of bad debts, operating cost and profit.

He observed most of the banks have introduced some deposit schemes at a very high rate of interest, which is also responsible for charging high interest rates on loans.

Mazid said these deposit schemes should be abolished without further delay and suggested PCBs be allowed to sell 'sanchay patra', a kind of saving certificate, offered by the government.

He said all banks' branches may be allowed to sell the sanchay patra and urged to increase the sale commission from one per cent to two per cent.

He said the current rules and regulations of statutory liquidity reserve (SLR) requirement, which is now 16 per cent, should also be reviewed in the context of new capital adequacy guidelines.

He said banks maintain adequate capital as per the Bangladesh Bank guidelines should not be

required to keep SLR.

Mazid said the requirement for SLR for other banks may vary based on their capital position. "This will release substantial funds, increase income and enable banks to charge lower rate of interest on loans," he viewed.

In a low inflation rate regime, which is now 4 per cent, the private banks should not pay so high rates of interest on deposits, which compelled them to charge high rates on loans, he observed.

Mazid said the Bangladesh Association of Banks (BAB) and Bankers Club can develop co-operation among banks and bring down the interest rates if they sincerely want.

Lower interest rate will spur investments, create jobs and support the poverty reduction programme of the government, he said.

CSE suspends officials on alleged share scam

UNB, Chittagong

Three officials of Chittagong Stock Exchange (CSE), including Deputy General Manager, have been suspended for their alleged involvement in a share scam.

The suspended CSE officials are Deputy General Manager Shafiqul Islam Talukder and junior officers Tofazzal Hossain and Nurul Huda.

Official sources said the authorities were also preparing to take

legal action against 'Capital Management', a share brokering firm, for issuing false cheques of Tk 40 lakh against share prices.

The firm bought shares worth Tk 40 lakh from another firm of the bourse and issued two cheques which were dishonoured by the bank. Later, the exchange authorities tried to settle the matter paying the money from its own funds.

Later, an inquiry committee was formed to investigate the matter and

it found Deputy General Manager Shafiqul Islam Talukder and junior officers Tofazzal Hossain and Nurul Huda responsible for it, and suggested legal steps against them.

The committee also suggested legal action against the Capital Management.

The authorities on the basis of the inquiry report suspended the three officials Monday and issued a notice against the Capital Management Tuesday.

RAKUB expects Tk 36cr profit

BSS, Rajshahi

Rajshahi Krishi Unnayan Bank (RAKUB) has been expecting a profit of Taka 35.84 crore with the closing of 2002-2003 fiscal.

The bank had earned a profit of Taka 15.34 crore last fiscal while the profit earned in 2000-2001 fiscal was Taka 2.39 crore.

This was revealed at a press conference of the RAKUB held at bank's head office here yesterday.

During the period the total earning of RAKUB was Taka 240.55 crore while the expenditure was Taka 220.99 crore.

RAKUB Managing Director Dr Mujibur Rahman Khan addressed the press conference, which was attended, among others, by Deputy Managing Director FRM Hafiz-ul-Islam, General Manager Mobarak Hossain, Deputy General Manager Dr Probbhat Chandra Das and other high officials.

During the current fiscal, RAKUB disbursed loan worth Taka 537 crore till June 19 last which was 102 per cent of the target while the recovery was Taka 500.48 crore which was 100 per cent of the target.

Dr Khan said, the bank has been providing loan facilities to 101

development sub-sectors. These include seed production, tea plantation and rubber plantation, commercial agricultural, fruit and vegetable production, agro-based industry, poultry, dairy, fish and prawn farms and animal and fish feed factory.

The bank has also been implementing ten micro-credit programmes including small entrepreneurs credit programme (SECP) for employment generation as well as poverty alleviation in the north-western Bangladesh.

Vietnam plans to ditch dual-price system to boost investment

AFP, Hanoi

Vietnam has drawn up plans to abolish the dual-price system by which foreign companies and individuals pay more than Vietnamese for electricity and domestic airfares, officials said Friday.

The plan, cobbled together by the finance ministry, is aimed at attracting more foreign investment into the country, an official from the ministry's pricing department said.

"The proposals have to be approved by the prime minister and we hope that they can come into effect by the beginning of 2004," she added.

The dual-price system has long been a major grievance of foreign investors, who have repeatedly stressed the need for a level playing field.

Currently, Vietnamese enterprises pay only five cents per kilowatt-hour of electricity while foreign companies have to pay 5.37 cent per kilowatt-hour.

Thai exports grow 14.1 per cent in May

AFP, Bangkok

Thailand's exports in May grew 14.1 per cent from the year before to 6.8 billion dollars in May, the ministry of finance said Friday.

Imports for May totalled 6.0 billion dollars, up 13.3 per cent from the corresponding period in the previous year, ministry of finance spokesman Somchai Sujjapong said at a news conference.

As of April 30, the country's public debt stood at 2.92 trillion baht (70 billion dollars) or 50.5 per cent of gross domestic product, he said.

Somchai said the ministry's growth forecast of 5.1 per cent for 2003 remained unchanged as it believes the Severe Acute Respiratory Syndrome (SARS) outbreak in the region will not have any significant impact on the Thai economy.



Rangpur Foundry Limited Chairman Mahtabuddin Ahmed, directors Sabiha Amjad and Amjad Khan Chowdhury and Managing Director Ahsan Khan Chowdhury pose for a photograph at the company's 23rd annual general meeting in Dhaka on Thursday.

Bring micro-financing under regulatory body

Speakers urge government at seminar

STAR BUSINESS REPORT

Micro-financing programmes badly need a legal framework to ensure sustainability and accountability of the informal lending system.

Ending up with the recommendation, speakers at a seminar yesterday called for setting up of an independent regulatory commission for micro-financing institutions (MFIs).

They were speaking at one of the sessions of a two-day seminar titled 'Accelerating Growth and Poverty Reduction in Bangladesh', organised by the Bureau of Economic Research of University of Dhaka and the World Bank in Dhaka.

Managing Director of Grameen Bank Prof Muhammad Yunus chaired the session on 'Finance for the Poor.'

The speakers said currently most of the micro-financing institutions in Bangladesh are working as non-government organisations (NGOs) rather than serving as mainstream banking system, which sometimes breeds financial irregularities and suspicion among borrowers.

Terminating the service charge of micro-financing institutions extremely high, they identified absence of any regulatory body gives the discretion to the lenders to charge so high, in some cases which is three per cent per month.

They, however, acknowledged micro-financing, which covers about five crore (50 million) rural poor people, is improving economic

condition of borrowers by creating opportunity for employment and self-reliance.

They said government should formulate a policy to derive maximum benefits from micro-financing operations in Bangladesh, which earns global appreciation following the success of Grameen Bank, the pioneer in the field of micro-finance.

Addressing the session, Managing Director of Grameen Bank Prof Yunus said the proposed independent commission should not be regulated by Bangladesh Bank, which deals with formal banking.

"Though micro-financing institutions deal with loans, MFIs functions should be kept outside authority of the central bank so that the proposed commission could work independently and develop own expertise to serve more to the poor borrowers," the mastermind of micro-finance system in Bangladesh said.

He said donors' fund should not be encouraged in MFIs. "MFIs should concentrate to mobilise local money to launch micro-finance which would help sustain the system."

If government creates favourable environment for micro-financing and ensures good governance, we can beat the Millennium Development Goal deadline of 2015 to halve poverty, Yunus said.

Addressing the seminar, Prof Wahiduddin Mahmud, a teacher of economics department of University

of Dhaka, said the recovery deadline and other rules of micro-finance should be made more flexible to help borrowers make the investment sustainable.

Salehuddin Ahmed, managing director of Palli Karma Shahayak Foundation (PKSF), said micro-finance alone cannot reduce poverty, it can only supplement a comprehensive development programme.

He informed the seminar PKSF will organise a micro-finance summit titled 'Asia-Pacific Regional Micro-finance Summit' in Dhaka in February 16-19, 2004 to find out strategies and create awareness of the lending system.

Shahid Khandker, lead economist of World Bank, presented a keynote on 'Reaching the Poor: Micro-Finance Experience in Bangladesh.'

In the paper, he said to achieve the Millennium Development Goal of halving poverty by 2015, Bangladesh needs to reduce poverty at least at a rate of two per cent, which is currently one per cent.

He said micro-finance increases per capita income and contraceptive use among rural people. It also promotes rural non-farm growth.

Imran Martin, research coordinator of BRAC, said lenders should target the ultra poor groups to help them come out from extreme poverty level.

Sikkim sees trade prospects on opening border to China

AFP, New Delhi

India's remote state of Sikkim hopes a trade route to Tibet will provide an enormous boost in trade when it reopens as part of a landmark accord signed by New Delhi and Beijing.

The corridor to Tibet has remained shut since 1975 when Sikkim in a referendum turned away from China and voted to merge with India.

"There are some routes through which some trade is on but if the silk route reopens then there will be drastic development of our state," said Sikkim Chamber of Commerce General Secretary Ghansyam Aggarwal from the state capital Gangtok.

"We feel our exports to Tibet will touch 10 billion rupees (203 million dollars) from the current figure of zero once the corridor is open," Aggarwal said.

"We would trade mainly in vegetables, oils and household items which are in great demand in Tibet as they have nothing and the Chinese mainland is very far. Besides Indian goods are cheaper and are preferred by the Tibetans."

The two sides agreed to open the route during Indian Prime Minister Atal Behari Vajpayee's ongoing trip to China, in what some commentators saw as tacit recognition by Beijing of India's sovereignty over its former protectorate.

The move is widely expected to start a new chapter in Sino-Indian trade, which the Asian giants have forecast will double to 10 billion dollars in the next few years. Sikkim, one of India's 'Seven Sisters' far-eastern states, is a mountainous region with no industrial base, poor services and little scope for employment.

Six of the seven states are plagued by ethnic insurgency after

suffering decades of neglect. Aggarwal said the route's reopening will force New Delhi to install an airport and motorable roads for the 500,000 people who live in Sikkim, which nestles between Bhutan, China and Nepal and currently survives on federal handouts.

Sikkim Chief Minister Pawan Chamling also appeared upbeat on the reopening of the silk route, which bustled with trade after Tibetan prince Phuntsog Namgyal was crowned Sikkim's ruler in 1642.

"We will have to improve our roads, transport services and hotels. The Sikkim government has already started work to develop infrastructure facilities in that direction," Chamling said.

Chamling, who had been campaigning for years to reopen the trade corridor, also pressed for a direct bus service between Gangtok and Lhasa, the Tibetan capital.

Consumer buying, tourism spur Sri Lanka growth

REUTERS, Colombo

Consumers opening up their wallets after a halt in Sri Lanka's crippling ethnic war combined with buoyant tourism and telecoms sectors to drive up the economy in the first three months of this year, analysts said yesterday.

Growth should climb by five to seven per cent over the same quarter of last year, brightening chances that the economy will meet official forecasts of 5.5 per cent for the full year, analysts said.

"Consumer spending will drive growth. A million people are not having bombs being thrown at them," said Amal Sanderantne, the head of Frontier Research.

The peace process has helped nearly all sectors, analysts said, adding that a suspension of peace talks by the Tamil Tiger rebels in April was unlikely to hurt future growth as long as there was no

return to war.

The central bank will release the first-quarter growth figures on Monday, with analysts saying they expected strong growth even though tea exports to the Middle East ebbed ahead of the war in Iraq and oil prices soared.

The world's largest tea exporter saw tea revenues drop about 10 per cent in March and the sector is likely to underperform in the second quarter as well, because floods battered the south of the island in May.

But the peace process that took root after a truce signed 16 months ago helped push up tourism arrivals 30 per cent in the first quarter, with the island in line for a record 450,000 tourists this year.

"Tourism will be a sector to watch while manufacturing is recovering," said Chinthaka Ranasinghe, head of research at John Keells Stockbrokers.

Garments, the main export, is expected to have recovered slightly in the first quarter and benefited subsequently from more orders diverted from SARS-affected countries such as China and Hong Kong.

Analysts said telecoms was one of the fastest-growing sectors and the opening up of the war-torn north and east was spurring investment.

Mobile phone companies, which did not have a presence there during the war have set up communication towers and sold close to 50,000 connections. Interest rates, now at about nine per cent, are at levels last seen a decade ago and also helped growth.

The stock market was quiet in the first quarter but has taken off in the last month after a donor conference in Tokyo raised \$4.5 billion in aid for Sri Lanka, and was expected to help boost the economy for the rest of the year.



Managing Director of The Trust Bank Limited Zahid Hossain Chowdhury and Finance Director of GrameenPhone Ltd (GP) NKA Mobin sign an agreement on behalf of their organisations in Dhaka on Tuesday. Under the deal, the bank will collect GP phone bills. GP Managing Director Ola Ree is also seen in the picture.