

Automated secondary T-bill market on cards

Banks directed to complete interfacing with CDBL by Aug 21

STAR BUSINESS REPORT

The government is going to launch an automated treasury bill market with the facilities of online real-time trading.

Trading of treasury bills in this secondary market will be conducted through the electronic register of the Bangladesh Bank, the top central bank and commercial bank officials agreed in principle at a joint meeting yesterday.

It was also decided in the meeting that settlement of the treasury bills will be done through the central depository system (CDS) which is expected to start its operation in November.

The meeting observed that for facilitating such electronic settlement of T-bills, the commercial banks will have to link-up with the Central Depository Bangladesh Limited (CDBL).

In line with the observation, the central bank governor directed all the banks' chief executive officers (CEOs) to complete required link-up with the CDBL by August 21 for getting an interface to their system.

The central bank informed the CEOs of commercial banks that steps have already been taken to launch a mock operation with the CDBL using the electronic treasury bill register of the Bangladesh Bank.

Bangladesh Bank Governor Dr Fakhruddin Ahmed said for getting the settlement facility from the CDBL, all the commercial banks must install a software from the CDBL.

"It would not be possible to get desired result if electronic register is launched without participation of the commercial banks. So all the commercial banks are advised to install the depository software," the governor told the meeting.

The central bank officials said once the secondary treasury bill market starts operation, general investors will be able to participate in online trading of the government bonds through the integration of the banks with the depository.

Speaking on the issues of appointment the primary dealers (PDs), the meeting observed that appointment of such dealers would help financial institutions to utilise their idle funds.

It will also add a new trend in balancing the liquidity supply and demand in the money market, the meeting observed.

The central bank has already invited applications for primary dealership and the aspirant dealers have been asked to submit their applications by August 21.

The primary dealers will operate and conduct transactions of treasury bills in all primary auctions and issues of treasury bills and tradable securities.

They will have to engage themselves actively in secondary trading, quoting two-way prices and keeping its trading window open throughout each business day.

RAKUB decides to give credit to agro-processing industry

BSS, Rajshahi

Rajshahi Krishi Unnayan Bank (RAKUB) has decided to provide credit to the entrepreneurs, who are interested to set up agro-processing industries in the country's north-western region.

Managing Director of RAKUB Dr Mujibur Rahman Khan said this while inaugurating a two-day workshop on "Processing of Agricultural Products" for its branch managers at the bank's training institute here Sunday.

Dr Khan said RAKUB was providing credit for crop, fruit and vegetable production as well as pisciculture and poultry farming in the agriculture and fisheries sectors.

Now the bank will provide loans for setting up agro-based industries, he said, adding, "this will enable RAKUB to play a pioneering role in the country's economic development."

At least 37 branch managers are taking part in the workshop.

Hefty rate cut in savings certificates likely by Dec

UNB, Dhaka

A move is underway to cut one-third of the interest rates on government savings certificates by December this year, aiming to create a ground for commercial banks to lower interest rates on term loans.

Once the painful decision is taken, the interest rates on the popular savings certificates would be rationalised down to the level of average interest rates on their treasury bills, said a senior government official.

He said the rates would be market-determined ones.

The interest rates on T-bills averaged at around 8 per cent in last one year with a declining trend to go down further in next 2-3 months, according to Bangladesh Bank.

At present, there are two savings instruments in operation - 5-year Bangladesh savings certificates and 3-year savings certificates with quarterly profits - with maximum interest rates of 12 per cent.

Meanwhile, Bangladesh Bank Governor Fakhruddin Ahmed at a meeting yesterday advised the chief executives of all local commercial banks to decide on their own to

reduce the interest rates.

The governor suggested them, especially the PCBs, to sit together and evolve strategies to bring down the lending rates, the central bank's Deputy Governor Nazrul Huda told newsmen following the meeting at the bank with the governor in the chair.

The meeting observed that the present levels of interest rate remained very high even compared to neighbouring countries like India and Pakistan. The margin between the deposit rates and lending rates is also very high.

"At this very high rates of interest, there is little prospect for investment and the economy is unlikely to grow," Huda quoted the Governor as saying.

He said the Governor also reminded the bankers of the central banks of the ongoing efforts to give market signals to ease the money market that has already brought down the interest rates on T-bills, REPO (repurchase agreement) and reverse REPO.

The deputy governor felt that the difference (margin) between deposit and lending rates, which is

now around 7 per cent, should be around 3 per cent to boost investment.

The government on various occasions in the past advised to lower the lending rates, but the commercial banks, especially the private sector ones, have so far responded poorly on the plea that they have to collect funds with high interest rates to the depositors.

They often argue that the interest rates of the government savings certificate should be lowered first to enable the private banks to lower their lending rates.

Even the nationalised commercial banks frustrated the government as they failed to respond to call for lowering interest rates. NCBs, which are burdened with huge bad loan portfolio, are reluctant to reduce their interest rates.

Most of the banks maintain lending rates between 13 per cent and 16.5 per cent for term loans while 7-10 per cent for export credits, which is much higher than the rates in neighbouring countries, including India and Pakistan.

T-bills consistent to money rates

BSS, Dhaka

The implicit yields of short-dated 28-day treasury bills (T-bills) yesterday stood at rates between 6.60 per cent and 6.85 per cent, according to a statement issued by the Bangladesh Bank.

Money market operators said the yields are very consistent to the call money rates that ranged between 4.50 per cent and 7.50 per cent in most deals.

The central bank conducted the regular weekly auction for selling the government treasury bills worth Tk 838.70 crore to the commercial banks and financial institutions.

Of the total, banks and financial institutions purchased 28-day T-bills worth Tk 615.30 crore as the sentiment on money remain bearish in the money market due to surplus liquidity flow.

Due to depressed money rate, banks showed more interest in long and medium-term T-bills. Their yield of 91-day T-bills ranged between 7.70 per cent and 7.90 per cent. But only Tk 30 crore worth T-bills were sold by the central bank.

Turn rly into corporation

World Bank suggests

BSS, Dhaka

The creation of a corporate entity with legal right for Bangladesh Railway (BR) is the first essential step to bring about structural changes required for making the sector viable.

World Bank (WB) has recently suggested BR to create a corporation of its own separate from the government, open BR lines to international equipment from India and Nepal or Bhutan and implement a full traffic costing system to make the sector profitable.

As a short term strategy for improving the performance of Railway, the WB suggested to draft and sign a performance agreement between BR and the government and commit to cost based market pricing, contracting out services, forming joint ventures and opening operations to private investment.

The WB viewed that BR must increase its operating efficiency in terms of traffic units per employee by at least 100 per cent over the next three to five years.

This increase will bring about equal to the current level of Pakistan and about 60 per cent of India. To attain the target of increasing the operating efficiency, the bank observed that there should be complete commitment of all staffs to the new targets.

Bangladesh Railways (BR) must act in a commercially responsible way and reduce or eliminate non-commercial services, adjust tariffs to market levels and build up its profitable services.

The bank advised BR to install a traffic costing system. It said BR's commercial operation is certain to require more emphasis on freight traffic (containers) and reduced

focus on unprofitable passengers.

The BR had also been advised for practicing aggressive way outside contracting and private investment or partnership in terminals freight consolidation and new equipment.

The Bank said, in the medium term strategy for improved performance of the sector, widespread commitment would be required for private sector partnership.

The commitment should include encouraging private investment in terminals, unit trains, contract maintenance and depots.

Under the mid-term strategy BR should enter into complete arrangement of giving the private sector some specific services including train operations, freight forwarding, ticketing and others.

JB loan for maize farming

Janata Bank has introduced a new scheme to promote maize production.

An amount of Tk 13,500 per acre will be disbursed at 80:20 loan and equity ratio in raby season and Tk 11,600 per acre in kharif season, says a press release.

One can get loan for maximum 10 acres of land.

Interest rate for the loan is fixed at 11 per cent and the loan is disbursed against personal guarantee up to 2.5 acres of land, the release added.

Dollar strong against taka in thin forex trade

BSS, Dhaka

The US dollar remained strong against the Bangladesh taka in thin inter-bank trade yesterday which was depressed by holiday in the international markets, dealers said.

The dollar traded at 58.4750-58.4900 to the taka yesterday in line with its previous closing on Saturday, foreign exchange dealers of leading commercial banks

said.

"The demand for the US unit increased since the end of last week due to strong pressure for import payments. Some commercial banks faced lower remittance inflow," dealers said.

"Some dealers tried to buy dollar against the local currency but sellers quoted higher prices. Therefore, the volume of trade yesterday was very thin," dealers

said.

But trading was depressed due to holiday in the international markets. Importers and traders could not deal with their foreign traders.

"Every one yesterday were in holiday mood," dealers of a private commercial banks said.

Sentiment on taka was bearish as the money market experienced huge liquidity, dealers said.



PHOTO: BANGLADESH EMPLOYERS' FEDERATION

Iftekharul Alam, outgoing president of Bangladesh Employers' Federation, speaks at the annual general meeting of the association recently. New President M Anis Ud Dowla, vice-presidents Kamran T Rahman, AQI Chowdhury, Kutubuddin Ahmed, MAAwal and Rokia A Rahman are also seen.

Premier Bank launches online banking service

Premier Bank launched online banking services yesterday.

The bank will now provide its customers with facilities, which include cash withdrawal, cash deposit, and transfer of funds from any branch of the bank irrespective of its location, says a press release.

To mark the launching of the service a function was held at the head office of the bank in Dhaka. The launching ceremony also coincided with the 4th founding anniversary of the bank.

Chairman of the bank HBM Iqbal, Managing Director (Current Charge) Md A Rob, Deputy Managing Director Neaz Ahmed and Business Development Consultant Muhammad Akram Hussain were present at the function.

New chairman, vice-chairman of Southeast Bank



Chairman Vice-chairman

Azim Uddin Ahmed and Ragib Ali have been elected chairman and vice-chairman of Southeast Bank Limited.

They were elected at a board meeting of the bank held in Dhaka on Saturday, says a press release.

Azim Uddin Ahmed, a sponsor director of Southeast Bank, is also chairman of Mutual Group of Companies.

Ragib Ali, also a sponsor director of the bank, is a tea planter. He is also the chairman and managing director of Kohinoor Detergent factory.

New unit at RJM with Adamjee machines

BSS, Dhaka

An extended unit will be set up in Rajshahi Jute Mills (RJM) with 314 machines including 206 narrow looms of the now-defunct Adamjee Jute Mills.

The extended unit is expected to create job opportunities for nearly 2,000 people.

It was disclosed at the 9th meeting of the advisory committee on the Adamjee Jute Mills Property Settlement at Jute Ministry here Sunday.

State Minister for Jute Lutfur Rahman Khan Azad presided over the meeting. Committee members Latifur Rahman, Jute Secretary ASM Abdul Halim, BJMC's acting chairman Mujibur Rahman and senior officials of the ministry and BJMC attended the meeting.

The meeting was informed that machinery and equipment worth about Tk 25.64 crore were so far transferred to different state-owned mills from the Adamjee Jute Mills.

The committee members also reviewed the progress of decisions, which were taken for settlement of moveable and immovable properties of the Adamjee Jute Mills, an official handout said.

Hurdles hold back entry of goods into Indian market

MCCI study reveals non-tariff, para-tariff barriers

STAR BUSINESS REPORT

Export of Bangladeshi food items to Indian market is being hampered due to a mandatory provision of taking health clearance certificate, the Metropolitan Chamber of Commerce and Industry (MCCI) said in a recent study.

It said any food consignment prior to entering Indian market must obtain clearance from the port health officer (PHO) who issues the certificate after proper test of each item from their recognised laboratories.

But the clearance is delayed as there is hardly any lab in the north-eastern India for testing the imported food items. The samples are sent to Kolkata for test which takes long time to get the certificate, the study said.

"Most of the land customs in northeastern India have no warehouse and in such cases the goods are kept in the importers' warehouses under customs supervision till the certificates are obtained. This results in huge damage and inconsistent supply of products to market," it said.

Citing another example of non-

tariff barrier the MCCI study said the provision for mandatory tests to ascertain genuineness of imported leather and leather products is also hampering exports from Bangladesh.

The chamber said the Indian customs authorities insist for duty bond for each consignment of automotive batteries despite a ruling of the Kolkata High Court to allow import without anti-dumping duty.

The study also identified a few non-tariff barriers which hamper exports of various items from Bangladesh to India.

The non-tariff barriers include condition of bearing quantity, weight, date of manufacturing, maximum retail price of the goods and also name and country of the manufacturer in each individual cartons.

The metropolitan chamber also pointed out that there is also no storage facility for the exported goods on the Indian side.

The chamber said Bangladesh trucks are not allowed to go beyond the no-man's land while Indian customs do not allow goods to be loaded on Indian trucks that enter

into Bangladesh territory carrying Indian imports.

"Indian importers are discouraged to open LC by charging high bank charges and margin," the chamber observed.

The chamber said the value addition requirement is often challenged after the goods reach the Indian side, thereby refusing the duty concession.

"Such an attitude is arbitrary as the value addition certificate issued by the designated authority should be accepted without any question," said the chamber.

The MCCI said physical facilities of the Indian land ports need to be developed for increasing the trade relations between the two countries.

They identified three Indian ports, which needs development. These include Fulbari at Cooch Bihar in West Bengal, Sutarkandi in Assam and Agartala in Tripura.

The chamber also said Indian customs officials do not observe the working hours, for which clearance of consignment is delayed by several hours.

India imposes non-tariff barrier on battery plates

STAR BUSINESS REPORT

After slapping anti-dumping duty on Bangladeshi lead acid battery early this year, India is now imposing new non-tariff barrier on the battery plate.

Customs officials at the inland container depot in Ahmedabad in India now demand authentication of SAPTA certificate sent with the battery plate consignments.

Due to delay in submitting the certificate, Bangladeshi battery plate consignments remained stranded in Ahmedabad for last two weeks, local exporters said.

Earlier, there was no such requirement from the Indian customs.

Bangladesh Accumulator and Battery Manufacturers Association (BABMA) said the requirement of

SAPTA certificate authentication is a new form of non-tariff barrier imposed by the Indian authorities to discourage imports from Bangladesh.

Sources said Rahimafrooz, a leading battery manufacturer in Bangladesh, has been exporting battery plates to India for the last couple of years. It exports 2-3 containers of battery plates a month.

Blaze Automotive of Ahmedabad is the importer of battery plates. Battery plate is used for manufacturing accumulator battery.

Iftikhar H Chowdhury, joint secretary of BABMA, told The Daily Star yesterday that signature authentication requirement is the latest non-tariff barrier from India apparently to block lead product exports from Bangladesh.

He said signature verification of SAPTA certificate has to be obtained from Export Promotion Bureau (EPB) which is a time consuming matter. Due to the delay, the importer has to pay demurrage charge, which ultimately falls on exporter's shoulder.

Exporters said when Bangladesh and India are planning to start negotiation on free trade agreement it is unfortunate that Indian customs has come up with new non-tariff barrier which is unnecessarily harassing Bangladeshi exporters.

On the pretext of dumping issue, India early this year slapped anti-dumping duty on Bangladeshi lead acid battery imports. Bangladeshi exporter Rahimafrooz also lost a legal battle in an Indian court on the issue.

CCCI delegation off to Thailand for trade talks

BSS, Chittagong

An eight-member Chittagong Chamber of Commerce and Industry (CCCI) delegation left here for Thailand Sunday to attend a high profile international seminar on small and medium scale industrial enterprises as well as to cement the trade ties between the two countries.

The 4-day seminar titled "Asia-Pacific Economic Cooperation SME Business Forum-2003" is being organised by Asia-Pacific Economic Cooperation (APEC) and it starts today at the northern Thai city of Chiang Mai.

CCCI President Amir Humayun Mahmud Chowdhury is leading the delegation. The other delegation members include incumbent and former CCCI Vice-Presidents Manzur-Ul Amin Chowdhury and

MALatif.

CCCI sources said the visit of the delegation followed an invitation made by the Thai authority during the recent visit of a 65-member high powered Thai trade delegation to the port city last month. The delegation was led by Governor of Chiang Mai province Suwat Tantipat.

Sources said trade experts and representatives from different countries will gather at the seminar to discuss different aspects on further development of small and medium scale industrial enterprises of least-developed countries by placing case studies and exchanging experiences of the industries of their respective countries.

Besides Bangladesh, trade experts and representatives from Thailand, Japan, Chile, Hong Kong, Australia, Malaysia, Philippines, China, USA, Mexico, Indonesia,

South Korea, Vietnam, New Zealand, Singapore, Taiwan and Canada are expected to take part in the seminar.

CCCI sources said besides participating in different sessions of the seminar, the CCCI delegation will also visit different places in Thailand to see for themselves the trade and investment prospects between two countries.

Besides meeting their Thai counterpart at Chiang Mai and Bangkok, CCCI delegation will hold talks with government officials to expedite the process of investment and trade in various sectors in two countries following the growing relationship as well as in the spirit of Memorandum of Understandings (MoUs) signed between CCCI and Thai Chamber bodies last month.