

Bank Asia IPO registers 55 times over-subscription

# Acquisition of foreign banks boosts investors' confidence

## STAR BUSINESS REPORT

Belying notions of liquidity crisis in the stock market, Bank Asia Limited's initial public offering (IPO) got an overwhelming response with 55 times over-subscription.

The huge response from the public to the bank reflects the capital market's dependence on banking sector that gives highest return on investment.

Owners and senior officials of the bank attributed the investors' confidence to acquisition of the local operations of the Bank of Nova Scotia of Canada in February 2001.

"Close on the heels of this feat, the bank went for second acquisition taking over Bangladesh operations of Muslim Commercial Bank of Pakistan," M Syeduzzaman, Chairman of Bank Asia Limited said

exchanging views with journalists yesterday.

He said the first ever acquisition of the local operations of foreign banks by a Bangladeshi bank was a landmark event and it ushered in a new chapter in the development of the banking sector in the country.

The Bank Asia chairman said the dividend pay out ratio over the past few years also helped the bank in generating confidence among the public which included 28 per cent dividend last year and 18 per cent in the previous year.

Bank Asia began operation on November 27, 1999 with an objective to become "the most sought after bank of the country", he said. In a very short period the activities of the bank expanded significantly setting new trends.

Others in the business circle say

it is the bank's policymaking board having a set of well-reputed businessmen that have helped in building confidence among the investors.

First Vice-chairman of the bank A Rouf Chowdhury said the bank has a wide variety in its list of loan portfolio which includes term loans, project financing, working capital fund, import finance, syndication loans, industrial financing to support backward linkage industries and infrastructure development.

Asked on reducing interest on term loans, Managing Director of the Bank Syed Anisul Huq said the interest rate of a bank usually depends on the cost of fund and other rationale.

"If our fund cost is five per cent then we need a two per cent spread -- one per cent as administrative cost and one per cent as profit," he

said.

Huq said the deposit of the bank stands at over Tk 900 crore with a network of only 13 branches.

The number of branches will increase to 14 with the inauguration of Uttara Branch on October 23, 2003. Some more branches are in the pipeline. The bank has established foreign correspondent relationship with over 200 foreign banks covering 110 countries.

A number of directors and senior officials of the bank were present at the programme.

Against a Tk 20 crore offer, the bank received applications from public for an amount of over 1,100 crore setting a record in the history of IPO in Bangladesh.

## Call money rate eases

BSS, Dhaka

The call money rate yesterday was steady in inter-bank money market, fund managers said.

The rate touched to its intra-high high at 8.50 percent from its Friday's high at 9.25 percent, fund managers of leading commercial banks said.

But in most deals, the rate ranged between 4.00 percent and 8.00 percent, they added.

## Midas training course ends

A weeklong training course for entrepreneurs organised by Micro Industries Development Assistance and Services (Midas) concluded on Thursday.

A total of 18 participants took part at the training titled 'Start Your Own Business' and prepared individual business plans, says a press release.

The course will enable the participants to identify and select viable business projects, prepare business plans covering management, marketing and production aspects, analyse profit and loss and set up or expand business venture.

## Jobs training for Benarashi entrepreneurs

Jobs, a USAID funded project, has conducted a weeklong training for entrepreneurs at Mirpur Benarashi Sari Palli in Dhaka.

The training titled 'Entrepreneurship Development and Business Management' was held from September 21 to September 28, says a press release.

The training courses included necessity of business planning, business management, financial management and improving marketing linkage capacity.

MA Quddus, team leader, SM Shahidullah, senior training specialist, and Mafuha Alam, training specialist of Jobs, conducted the courses.

# Int'l medical exposition pulls huge crowd

## Fair concludes today

### NAZ RATUN NAYEEM MONALISA

It was a new experience for the visitors when they flocked to the international medical exposition, the first of its kind in Bangladesh, at Dhaka Sheraton Hotel yesterday.

Doctors and other medical practitioners showed interest in medical equipment while other visitors in the services offered by local and foreign hospitals.

"It's a great opportunity for us to know about latest medical equip-

ment displayed in the exhibition," said a physician at the three-day Medexpo-2003, which ends today.

Another visitor appreciated holding of such an exhibition and said, "This will help us in making contact with the famous hospitals in Asia."

"A number of visitors enquired about our services," said Mostafizur Rahman of Parkway Healthcare Information Centre representing Mount Elizabeth Hospital in Singapore.

Les Drayton, technical manager of UK-based Braun and Company Limited said, "We got huge responses from the people regarding our medical products."

A wide range of medical products, including surgical equipment, and equipment for ECG, ETT, ultrasonography, radiography and physiotherapy, infusion set, operation tables, colour doppler, X-ray machine, oxygen therapy mask, nebuliser and hospital furniture are being displayed in the exhibition.

A number of private commercial banks, including Mercantile Bank and Premier Bank, are participating in the exposition to offer loans to the doctors and entrepreneurs intending to set up hospitals, clinics and diagnostic centres.

Local and foreign companies from Bangladesh, India, Thailand, Singapore, Germany, Japan and UK have opened 46 stalls to display their products and services.

The exhibition is organised by Triune Exhibition and event Management Services (TEEMS) and is co-sponsored by Siemens, Bangladesh Private Clinic and Diagnostic Owners' Association, DHL and Novo Cargo Services Limited.

The fair will remain open to the medical professionals and trade delegates from 10am to noon and to general public from noon to 8pm.



PHOTO: SIEMENS

Visitors browse through catalogues at Siemens stall at the international exposition of medical equipment, products and services, Medexpo-2003, at Sheraton Hotel in Dhaka.

## Dollar eases against taka

BSS, Dhaka

The US dollar eased slightly against the Bangladesh taka in thin inter-bank trading yesterday, which was depressed by the weekend holiday in most overseas foreign exchange markets, dealers said.

But the dollar bounced higher against major currencies as a better-than-expected report on the US labour market reassured traders about the health of the world's largest economy, they said.

The dollar traded at 58.4150 taka and 58.4250 taka per unit, compared to its earlier rates at 58.4250 taka and 58.4350 taka per unit on Thursday, dealers of leading commercial banks said.

The dollar got only a modest lift against the resurgent yen, to 110.84 from 110.65 on Thursday while the euro tumbled to 1.1579 dollars, against 1.1691, dealers said.

Dealers said the dollar rose sharply against the Swiss franc to 1.3359 from 1.3169 and the pound eased to 1.6635 dollars from 1.6695.

The demand for the greenback was lower from importers as most international markets remained closed due to weekend holiday, they said.

## Shrimp alliance launched

Bangladesh Shrimp Development Alliance (BSDA) was formally launched on Tuesday, says a press release.

Commerce Minister Amir Khosru Mahmud Chowdhury formally handed over the certificate of registration to BSDA President Nizam M Selim at a function held at a local hotel in Dhaka.

The main objective of BSDA is to formulate policy, principles, practices and procedures through a broad-based dialogue and consultation with the key players within the shrimp industry in Bangladesh, the BSDA president said.

Bangladesh Shrimp Foundation Chairman Syed Mahmudul Huq and BSDA members were also present at the function.

## India's forex reserves rise to record \$89.3b

REUTERS, Bombay

India's foreign exchange reserves swelled to a record \$89.33 billion on September 26 on strong investment inflows and some dollar weakness, but would have fallen since because of a big foreign currency bond redemption.

Data released by the Reserve Bank of India yesterday showed the reserves, Asia's sixth largest, rose by \$771 million over the week and were up by more than \$19 billion so far in 2003.

"Strong portfolio inflows are one factor," said SP Prabhu, an analyst with IDBI Capital Market Services Ltd.

## Corrigendum

Citigroup, holding company of Citibank NA, has been rated by The Wall Street Journal second (by assets) among the world's 100 largest public financial companies with an asset of US \$1.097 trillion. But the figure was inadvertently mentioned as US \$10128 trillion in a news item on this page on October 3. We regret the error.

## BB starts same-day clearing

# Instruments for Tk 144cr cleared on opening day

### STAR BUSINESS REPORT

On the first day of 'same-day clearing system' introduced by Bangladesh Bank, 106 cheques or drafts for a total amount of Tk 144 crore were cleared yesterday.

The central bank started the quick clearing system for cheques and other instruments for Tk five lakh and above issued by 202 selected branches of different banks in Dhaka city.

BB Governor Fakhruddin Ahmed yesterday formally inaugurated the fully computerised system at the central bank's clearing house at Motijheel.

He said introduction of the same-day clearing system has fulfilled a long felt demand of the banks to provide prompt service to their clients. "This will definitely benefit

the clients, the businessmen in particular," he said.

The governor said once the central bank automation project is completed, the entire country could be brought under same-day clearing system.

Deputy Governor Mohammad A (Rume) Ali and General Manager (Clearing House) Abdul Matin were present during the inauguration.

The system allows bank clients to encash cheques and other instruments for Tk 5 lakh and above within the day of submission. Presently, such withdrawal takes at least two days, as it requires clearance from the central bank.

Initially, 202 branches of 50 nationalised, private and foreign banks in Dhaka, who are the members of the BB clearing house,

introduced the system.

From Saturday through Wednesday, the same-day clearing will start at 11 am and close at 12 noon while return clearing will start at 2pm. On Thursdays, it will start at 10am and close at 11am. The return clearing will start at 12 noon.

Bangladesh Bank on September 17 issued a guideline for introducing the system in line with recommendation of an inter-bank consultative group.

The banks have selected their respective branches situated within four km of the central bank head office for introducing same-day clearance.

Sources said the first day's cleared amount was 25 per cent of the normal transaction of the banks concerned.



PHOTO: BANGLADESH BANK

Bangladesh Bank Governor Fakhruddin Ahmed formally inaugurates the fully computerised 'same-day clearing system' for cheques and drafts at the central bank's clearing house at Motijheel in Dhaka yesterday.

# Brazil, Argentina subverting free trade for Americas: US

AFP, Washington

The United States accused Brazil and Argentina of subverting a Free Trade Area of the Americas, scheduled for completion by 2005.

"Brasil and Argentina decline entirely to participate in this exercise and it was very disappointing," US negotiator Ross Wilson said.

Wilson said the two Mercosur countries held back during week-long talks ending Friday in Port-of-Spain.

The Free Trade Area of the Americas (FTAA) would create a free trade zone including all the countries in the hemisphere except

Cuba.

Wilson said in a teleconference with journalists from the capital of Trinidad and Tobago that the other Mercosur partners, Paraguay and Uruguay, stepped up to the plate.

"The discussions here really, I think, showed a clear division among countries."

"On the one hand, we had this group of 13 countries that were speaking with a clear voice, strongly supported by the US, and supported in some qualified way by Ecuador and (the Caribbean economic community) and Brazil -- supported to some extent by Argentina and somewhat less by Uruguay and Paraguay -- on the

other."

He said that, at the beginning of the meeting, the group of 13 put forth an "ambitious and comprehensive" proposal.

"We strongly supported this initiative and obviously support the goal of a comprehensive FTAA that advances hemispheric integration and trade liberalization," he said.

Other signers were El Salvador, Guatemala, Honduras, Nicaragua, Canada, Mexico, Chile, the Dominican Republic, Panama, Colombia, Peru and Bolivia, he said.

Ministers of the 34 countries are to meet November 20-21 in Miami, Florida.

## Asian rubber producers to sign pact tomorrow

REUTERS, Jakarta

The world's three top rubber producers will sign a shareholders agreement on a joint venture body, the International Rubber Co Ltd (IRCo), next week on Indonesia's resort island of Bali, a government official said Friday.

"The signing of the shareholders agreement on IRCo is scheduled for October 6 on Bali," a senior official at Indonesia's Trade and Industry Ministry, Pos M Hutabarat, told reporters.

# India unveils 3 strategies to get privatisation rolling again

AFP, New Delhi

The Indian government said Friday that it was working on three alternate strategies to set privatisation rolling again after the Supreme Court halted the sale of two key profit-making oil firms.

The court had, in a September 16 order, passed a verdict that the sale of Bharat Petroleum Corp. Ltd. (BPCL) and Hindustan Petroleum Corp. Ltd. (HPCL) could not be allowed without parliamentary approval.

The court said HPCL and BPCL were acquired by the government in the 1970s via a special parliamentary endorsement and therefore a similar legislative process was

required to privatise them now.

The minister responsible for privatisation, Arun Shourie, told reporters after a cabinet meeting Friday that one of the options was to seek the help of other political parties and pass legislation for the privatisation of BPCL and HPCL.

He added that the cabinet had empowered his Ministry of Disinvestment to press for a legal option in consultation with India's attorney general and solicitor general.

Alternatively, the government would consider a third, executive option under which it would halt the sale of HPCL and BPCL and instead sell a stake in the retail arm of Indian Oil Corp (IOC), the third oil market-

ing and refining major.

HPCL, BPCL and IOC are the three state-run oil giants which command a virtual monopoly in refining and marketing oil in India.

Although the government had previously decided not to sell its stake in IOC and offload its share only in HPCL and BPCL, Shourie said that the Supreme Court order had forced it to look at a complete reversal of its decision.

Shourie added that the court order would not stand in the way of IOC's privatisation as it had not been nationalised by an act of parliament.

He said that part of the assets of HPCL and BPCL could be merged into IOC and then sold off to a strategic private investor.