

BB finalises Islamic banking guideline

Commercial banks can form subsidiary companies for Islamic banking

REJAUL KARIM BYRON

Bangladesh Bank (BB) has finalised a guideline on Islamic banking allowing a commercial bank to form a separate company for operating Islamic banking with fresh Tk 100 crore paid up capital. The subsidiary company will need to offload 49 percent of its share while the parent company can own the remaining 51 percent. As per the new guideline, the commercial banks will have to maintain separate accounts in case of operating an Islamic bank branch and also statutory liquidity ratio (SLR) and cash reserve requirement (CRR) with the central bank.

At the same time, the BB also finalised the guideline for any new Islamic banks in the country. In case of a new Islamic bank, the sponsors will have to offload 50 percent of the bank's shares and a sponsor director will not be allowed to own shares worth more than Tk 25 million. Presently, banks have their own shariah council and there has been a central shariah council to look into whether Islamic banking as a whole is operated as per the Islamic principles. According to the new guideline, a bank may form a shariah supervisory body to monitor its Islamic banking operation but the board of

directors of that bank will be liable to the central bank for its overall operation. It would be optional for banks to maintain their relations with the central shariah council. Now, there is no separate guideline for Islamic banking in the country. The BB, for the first time, has formulated the guidelines for the new Islamic banks and the banks already operating Islamic banking branches. The six commercial banks presently operating Islamic banking in the country are Islami Bank Bangladesh Ltd, Al-Arafah Bank, Social Investment Bank Ltd, Exim Bank Ltd, Oriental Bank Ltd and Shahjalal Islami Bank Ltd.

Five-star Radisson hotel open to guests

STAR BUSINESS REPORT

Radisson Water Garden Hotel Dhaka, the country's newest five-star hotel, has formally opened its services to guests with a commitment to offer international standard hospitality. After opening its services on February 11, Radisson has received a good response from the customers as a total of 99 guests have so far taken hospitality in the hotel, officials said yesterday. Prime Minister Khaleda Zia inaugurated Radisson Water Garden Hotel Dhaka on February 5. Radisson hotels and resorts is one of the leading hotel brands in the world, operating more than 435 hotels in 61 countries.

The eight-storied hotel, owned by Sena Hotel Development Limited (SHDL) and managed by Carlson Hotels Asia Pacific, has 206 rooms, including five suites. The hotel occupies more than seven acres of land located on the Airport Road near the city's Cantonment Railway Station. "We have received extremely positive responses from the customers both from home and abroad," said Saeed Ahmed, director (Sales and Marketing) of the hotel, at a press conference held at the hotel. He said a total of 100 rooms out of 206 are ready for accommodation and the rest will be prepared soon. "We have invested Tk 200 crore to construct the hotel and have a plan to invest more to extend the facilities," said Ian R Barrow, general manager of the hotel. The officials of the hotel hope

the location and comprehensive facilities available at the hotel make the hotel perfectly suited to both business and leisure travellers. Barrow said the hotel will continue its international standard services that other Radisson hotels follow around the world. So, the guests of the hotel will also get the unique international services that are already provided by the other Radisson Hotels, he added. The hotel also offers a wide array of exquisite cuisine served in beautiful surroundings. The hotel has rooms of four categories. The charge of the Radisson's deluxe room is \$260,

atrium \$290, clubroom \$350 and executive suite \$485, excluding VAT tax, officials said. SHDL was formed in 1995 by the joint-venture partners -- Bangladesh Army Welfare Trust and UK-based Associated Building Design Limited to build and operate hotels and other businesses in Bangladesh. In 2000, the company was made a fully Bangladesh Enterprise of Army Welfare Trust (AWT) and Sena Kalyan Sangstha (SKS) with 80 percent and 20 percent shares respectively, according to the Radisson Hotel brochure.



lan R Barrow (L), general manager of Radisson Water Garden Hotel Dhaka, speaks at a press briefing in Dhaka yesterday as Saeed Ahmed, director (Sales and Marketing), looks on.

China's trade surplus jumps sharply in January

AFP, Beijing

China's trade surplus continued to expand sharply in January, rising 46.7 percent year-on-year to 9.49 billion dollars, official figures showed Monday, likely adding to US-led pressure for a greater appreciation of the yuan. Imports for the month totalled 55.5 billion dollars, up 25.4 percent, while exports rose 28.1 percent to 64.9 billion dollars, the Ministry of Commerce reported on its website. Total trade in January came to 120.49 billion dollars, up 26.8 percent from the same month in 2005. The trade surplus in January was down from the 11 billion dollars reported in December but was well up on the 6.49-billion-dollars posted in January 2005. The figures follow the announcement last month that China's trade surplus for 2005 had more than tripled to a record 101.9 billion dollars. The growing surplus has caused much friction with many of China's trade partners, most notably the United States, who argue that Beijing keeps the yuan weak to gain an unfair trading advantage.

India, EU begin 2-day trade talks

AFP, New Delhi

India and the European Union began two days of trade talks in New Delhi Monday in a bid to boost bilateral economic ties shackled by differences on international trade issues. The talks, led by Indian Commerce Secretary S.N. Menon and the EU director general for trade, David O'Sullivan, mark the second time the two sides are meeting as members of a high-level trade group formed during an EU-India summit in the Indian capital in September. The group met in Brussels in November, hoping to make progress on the key issues hampering trade between developed countries and developing economies -- agricultural tariffs and market access. Officials on both sides have said these are the very issues that need to be addressed to spur bilateral trade between the European countries and the South Asian giant, whose economy is growing at better than 8.0 percent. Although the EU is India's largest trading partner, with bilateral trade at around 33 billion euros (41.2 billion dollars), EU trade with South Korea stands at 48 billion

euro while that with China amounts to 175 billion euros, according to EU officials. India has been pressing for greater access to EU markets, while the EU has called on New Delhi not to block agricultural products such as wine and cheese. Indian commerce officials have frequently raised the issue of "non-tariff barriers," including huge subsidies to farmers and hygiene rules that have kept agricultural products, such as farmed shrimp, out of Europe. At the World Trade Organisation meeting in Hong Kong, where the two sides were on opposite ends of the negotiating table, governments agreed on an end-date of 2013 to remove farm export subsidies. But the EU was under fire from key developing countries for holding out on cutting import duties on farm goods, and ministers in Hong Kong likewise failed to agree on freeing up trade in industrial goods and services, a key demand of the rich world. A source at the EU's India office said this week's talks, which began late morning in the Indian capital, would try to "take forward the agenda" discussed at past bilateral and multilateral meetings.

TCB sells sugar, lentil

UNB, Dhaka

Trading Corporation of Bangladesh (TCB), the state-run trading agency, has started selling sugar and lentil at fair prices through mobile shops at 31 spots in Dhaka. The price of the sugar is Tk 42 per kilogram and that of lentil is Tk 40 per kilogram, said a TCB hand-out. One person can buy maximum two kg of sugar and ten kg of lentil at a time on first-come-first-serve basis.

Dhaka for joint venture API plant with Islamabad

BSS, Islamabad

Health and Family Welfare Minister Khandakar Mosharrar Hossain yesterday proposed to his Pakistani counterpart for setting up a joint venture Active Pharmaceutical Ingredient (API) plant in Bangladesh.

He made the proposal at a meeting with Pakistan Health Minister Naser Khan at the latter's office here. Mosharrar referred to the national medicine policy of Bangladesh and said the two countries could set up joint venture pharmaceutical plants under the policy. He also informed his Pakistani counterpart of Bangladesh's progress in the healthcare services and said both the countries have made massive progress in production of medicine over the last few years. Bangladesh and Pakistan have a good few scopes to boost cooperation in the healthcare sector to improve pharmaceutical production and prevent contagious diseases, he added.

The Pakistani health minister stressed the need for enhancing exchange of information and technology for development of pharmaceutical and health sectors of the two countries.

Oil nudges higher

AFP, London

World oil prices rose slightly on Monday before a key meeting regarding Iran's nuclear programme later in the week. New York's main contract, light sweet crude for delivery in March, inched up six cents to 61.90 dollars per barrel in electronic trade. In London, the price of Brent North Sea crude for March delivery rose seven cents to 59.79 dollars per barrel. "Light crude futures were holding steady after heavy recent falls," analysts at the Sudden brokerage firm said in London. Russia still expected meanwhile an Iranian delegation to visit Moscow for talks Thursday aimed at resolving a standoff over the country's nuclear programme, Russian Deputy Foreign Minister Sergei Kislyak said Monday, reacting to reports of a delay from Tehran. Diplomats told AFP on Monday that Iran had started putting uranium feedstock gas into centrifuges, defying the West with actual enrichment work on making what can be nuclear reactor fuel or atom bomb material.

Transcom awards 'Closeup1' music competition winners

STAR BUSINESS REPORT

Transcom Electronics Ltd yesterday handed over prizes to the winners of 'Closeup1--Tomakei Khujchhe Bangladesh', the country's first talent hunt TV show. Champion Farhad Hossain AKA Nolok Babu received a 42-inch plasma television set worth Tk 375,000 and a home theatre system worth Tk 29,900. First runner-up Mizan Mahmud Razib of Dhaka University got a Liquid Crystal Display (LCD) television set worth Tk 159,000 and a home theatre system worth Tk 54,000 while second runner-up Beauty received a video and music system worth Tk 33,000. Shahriar Ahmed, general manager (HR and Admin) of Transcom, gave away the prizes to the winners at a function in Dhaka. To bring forth the gifted singers in the country, Unilever Bangladesh Ltd launched the grand talent hunt in Bangladesh on May 2 and after more than six months the competition ended on December 22, 2005.

Investors take to street as bears rule DSE

STAR BUSINESS REPORT

Small investors yesterday took to the street staging demonstrations in front of Dhaka Stock Exchange (DSE) building when the price indices experienced a sharp fall at one stage on the day. Starting the day with 1587 points, the DSE general index dipped to 1564 points at 12:30pm, forcing several hundreds of small investors to chant slogans blaming capital market watchdog and finance ministry for the market fall. Finally, the index closed at 1584.43 points, declined by 3.02 points.

A total of 2,058,193 shares of 177 issues worth Tk 15.77 crore changed hands on the DSE against previous day's 1,747,646 shares of 173 issues worth Tk 13.57 crore. Of the issues traded, 56 closed in gains, 82 suffered losses and 39 remained unchanged. On Sunday the DSE general index witnessed 25 points fall reaching 1587.46 points, below 1600 points mark for the first time in the last two years. The DSE has been experiencing bearish trends since early January. On February 5, the DSE also saw the 2nd lowest thin trade in terms of value in two years that was

Tk 7.70 crore, sources said. Market analysts said liquidity crisis, tight monetary policy and confrontational politics centring the upcoming national polls have made investors cautious. They also attributed the downturn to the initial public offering (IPO) of Jamuna Bank. "Around Tk 350 crore was invested in the IPO of Jamuna Bank," said DSE Chief Executive Officer Salahuddin Ahmed Khan. Jamuna Bank offered IPO worth Tk 51.48 crore. The recent monetary policy that increased interest rate on bank deposits and savings certificates

also encouraged common people to invest in savings tools, he said. Moreover, he said, a liquidity crisis has gripped merchant banks and financial institutions, which are major players in the share market, resulting in a temporary downturn in the stock market. "I hope the bad time will not continue for a long," he added. DSE President Abdullah Bukhari said it is a natural phenomenon that there will be many ups and downs in the stock market. "The investors should not get panicked without any valid reason," he said.



A group of small investors stage a demonstration in front of Dhaka Stock Exchange (DSE) building yesterday when the price indices experienced a sharp fall at one stage on the day.

Dhaka starts identifying products to negotiate under WTO duty-free clause

UNB, Dhaka

Bangladesh has started identifying products in an effort to keep those on the duty-free list of 97 percent tariff lines as decided in the last WTO Ministerial Conference in Hong Kong. A priority list of products will also be developed to gradually bring them out of the 3 percent sensitive list few countries, including USA, kept for protecting their domestic industries or for other political and economic reasons. At the same time, Bangladesh will push the countries providing GSP facilities not to put items in the sensitive list. The strategies were introduced at a meeting at the Ministry of Commerce yesterday, launching the exercise as part of the effort to protect maximum interest of the country out of the given circumstances of WTO. The meeting, with Commerce Minister Altaf Hossain Chowdhury in the chair, discussed market access and product diversification

issues. Altaf also chaired another meeting on the strategy of services negotiation under Mode-4 followed by the previous one. Trade body leaders, academics, trade experts, economists and officials put their heads together at the meetings, trying to set the working programmes on the issues. Earlier, the Ministry formed three committees comprising stakeholders both from the government and private sectors, and asked them to submit three separate recommendations by February 28, a senior Commerce Ministry official said. He said a high level committee of the government would be formed to evaluate the list of products and other strategies and finalise the strategy of negotiation in the WTO. The negotiation on the issues in the WTO headquarters in Geneva was supposed to be completed by April 30 this year with the target to complete the Doha Round by the

end of this year. A meeting of World Economic Forum comprising some developed and developing countries in Davos decided that the developed countries would submit their proposals on sensitive list by September while developing countries by December, indicating that the negotiation deadline on Doha Round would be deferred. However, the Commerce Ministry meetings on the issues aimed at setting out the strategies so that Bangladesh could negotiate its strategy whenever it would be necessary. Commerce Minister Altaf Hossain Chowdhury called upon the committees to submit their recommendations to the Ministry by the deadline as he disapproved of a plea by the convenor of the Services Committee about a possible delay in submitting their reports. "It's a challenge for our economy and the people... the deadline will not be extended," he said.

Govt cuts interest rate on credit for freedom fighters to 8pc

BDNEWS, Dhaka

The government has decided to reduce the interest rate on micro-credit for insolvent freedom fighters and their dependents from the existing 11 percent to 8 percent, including service charge. The cabinet committee on fixing the interest rate on micro-credit for the insolvent freedom fighters and their dependents yesterday took the decision at a meeting with Finance and Planning Minister M Saifur Rahman in the chair. The government created a Tk 50 crore fund in FY 2003-04 to make the insolvent freedom fighters and their dependents self-reliant through providing them with training on income-generating activities and credit. Liberation War Affairs ministry through Bangladesh Rural Development Board (BRDB) so far disbursed Tk 12.5 crore loan at an interest of 11 percent. As Bangladesh Krishi Bank disburses loan at 8 percent interest rate, the beneficiaries were demanding revising the interest rate of the loan. Liberation War Affairs Minister Rezaul Karim, LGRD and Cooperatives Minister Abdul Mannan Bhuiyan, Industries Minister Motiur Rahman Nizami, Livestock & Fisheries Minister Abdullah Al Noman, State Minister for Labour and Employment Aman Ullah Aman and BRDB officials were present.

\$326.84m WB aid received this fiscal

Saifur tells JS BSS, Sangsad Bhaban

Finance and Planning Minister M Saifur Rahman yesterday informed the Jatiya Sangsad that the country had received \$326.84 million assistance from the World Bank (WB) during the current fiscal. Replying to a question, he said \$97.20 million was also received from the International Monetary Fund (IMF) during the period. Responding to another question, the finance minister said according to the estimated data of the Bureau of Statistics, the country's gross national income in 2004-05 was \$470, which was \$343 in 1995-96. Saifur informed the House that the government had earned Tk 3,966.12 crore as revenue until December last year after assuming power. Answering to another question, the finance minister said the government had distributed Tk 2,577.76 crore as agricultural loans in the current fiscal until December, 2005.

Eastland Camellia recommends 25pc dividend

Eastland Camellia Ltd has recommended a 25 percent dividend for its shareholders for the year 2005. The Board of Directors of the company at a meeting on Wednesday recommended the dividend, which will be approved at the next annual general meeting (AGM), says a press release. Chairman of the company ASMO Subhan presided over the meeting.



Winners of 'Closeup1--Tomakei Khujchhe Bangladesh', the country's first talent hunt TV show, pose for photographs with the officials of Transcom Electronics Ltd as the company awarded the winners at a function in Dhaka yesterday.