Star BUSINESS

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Capital shortfall of NCBs drop 7.14pc in Dec-June

STAR BUSINESS REPORT

Overall capital shortfall of the four nationalised commercial banks (NCBs) dropped by 7.14 per cent during the December-June period last fiscal as the banks made handsome profits.

According to the Bangladesh Bank (BB), the overall capital shortfall was Tk 8,088 crore in December 2005 while it dropped to Tk 7,510 crore in June this year.

"The NCBs made handsome profits last year that resulted in the capital shortfall decline," an official of the central bank said.

The operating profit of four NCBs stood at Tk 1,041 crore last year, he said, predicting a further decline in the capital shortfall by the year-end as the first six-month performances of the NCBs showed a similar rise in profit.

Of the NCBs, Sonali Bank's capital shortfall was Tk 3,816 crore in December 2005, which dropped to Tk 3,410 in June this year.

But, such a shortfall rose slightly in Janata Bank, the second largest NCB, during the period. The BB statistics shows that the figure jumped to Tk 1122 crore from Tk 1106 crore.

In the case of Agrani Bank, the capital shortfall dropped by Tk 162 crore. The overall capital shortfall of the bank was Tk 2,411 crore in December 2005 and it reached Tk 2,249 crore in June 2006. Rupali Bank's capital shortfall dropped to Tk 729 crore from Tk 755 crore during the period.

Sources in the NCBs said they made a Tk 500 crore operating profit until June this year, while Sonali made 101 crore, Janata 198 crore, Agrani 185 crore and Rupali 16 crore.

Sources forecast continuation of such profit in the NCBs and said the figure might exceed the previous year's operating profit.

Admitting the rise in earning and profit, officials of the NCBs suggested government intervention in injecting capital for overall adjustment of the shortfall as the figure is still high.

"Without the government's capital injection, it will be very difficult to cover up the huge cumulative shortfalls the NCBs are still faced with," an NCB high official said.

When asked, an official of the finance ministry said the government recently injected Tk 500 crore into Sonali Bank. "The government has plans to inject more capital into the NCBs, but it may be delayed as the NCBs are now undergoing a reform process," he said.

POOR'S GREATER VOICE IN WB, IMF

The rich split

UNB, *Singapore*

In a major development here yesterday in the current clamor for restructuring the multilateral donor-duo, ministers from 24 developed countries, known as G-24, agreed that the current IMF-reform proposal would not adequately address the need for increasing the voice of developing and low-income countries as groups.

Ministers from G-7 countries, also of the rich hemisphere of the disparate world, however, welcomed the IMF initiative and stressed the need for doubling the votes of low-income countries.

The G-24 ministers reached the agreement amid concerns from the low-income countries that their voice would be marginalised further due to reform of the IMF being brought in for consideration by the meetings.

They stressed the importance of early striking of an agreement on a credible and time-bound package of reforms to increase their voices and representation in the twin Bretton Woods Institutions (BWIs).

The ministers are all here to attend the World Bank-IMF Annual Meetings September 19-20 when the finance ministers and central bank governors from 184 member-states of the BWIs would consider the proposal for reform of the funding agencies suiting the needs of the present time.

While welcoming the proposed ad hoc quota increased for China, Korea, Mexico and Turkey, they pointed out that the "current package of reforms does not adequately address the fundamental issue of the under-representation of developing and low-income countries as groups."

In a joint communiqué after the closed-door parley, the ministers noted that the emerging market countries, other developing countries and economies in transition account for over half the global GDP measured in terms of purchasing-power parity. And the voiceless multitudes of nations hold most of the world's international reserves and represent a majority of the world's population.

"In order to reflect this new reality in the world economy and increase the legitimacy and relevance of the BWIs, the voting power of developing countries and low-income countries as groups should be expeditiously increased and protected," said the joint declaration.

The ministers reiterates that any package of reforms should include both an early and substantial increase in basic votes-at least a tripling-and a new quota formula that accurately reflects the relative economic size of developing countries in the world economy.

They added that such a formula should take into account GDP at purchasing- power parity, as well as countries' vulnerabilities to commodity-price fluctuations, capital flows and other exogenous shocks.

"These reforms should include measures to enhance the participation of low-income countries in the decision-making and management structures of the BWIs, including through, but not limited to, additional Alternate Executive Directors and Senior Advisers for chairs with the largest constituencies."

However, a meeting of the ministers from G-7 nations here Saturday welcomed the proposal and expected that the IMF would carry out necessary work accordingly, said a post-briefing statement made available at the press centre.

They, however, stressed the need for at least doubling the basic votes at a minimum "to preserve the existing voting share of low-income countries".

In a hasty reaction immediately after the G-7 meeting, international NGO Oxfam refuted the reform proposal, indicating a hitch over the issue as protesters from around the globe converged here to press their pleas from outside the WB/IMF conference.

"They (G-7) want fundamental reform of the IMF but together they control 45 percent of the votes, and the truth is that they are not willing to give up their stranglehold on the organsation to let poor countries have a voice," the bigwig non-governmental organisation said.

PHOTO: STAR

Visitors crowd a stall at the two-day career development and job fair that began yesterday at Faculty of Business Studies at Dhaka University.

World trading system comes under fire

UNB, *Singapore*

The G-24 ministers here yesterday lashed at the current world trading system for its heavy biases against the least developed countries (LDCs), as they are pressed for opening their markets while richer nations erect trade walls."The current trading system is heavily biased against developing countries, especially the least developed," the G-24 ministers said in a statement after their meeting at Suntec Singapore, where nations are meeting to decide World Bank-IMF reforms.

They explained that the biases are particularly bred in a wide array of harmful subsidies, tariff-escalation schemes and non-tariff restrictions maintained by industrialised countries.

At the same time, the ministers vented deep disappointments about the suspension of the Doha Round of multilateral trade negotiations. They said an ambitious and appropriately balanced conclusion of the Round holds the potential to yield significant global welfare gains and to deliver on its promise to support development and poverty reduction in low- and middle-income countries.

Career fair at DU gets huge response

STAR BUSINESS REPORT

A two-day career development and job fair that began yesterday at the Faculty of Business Studies at Dhaka University received a huge response from visitors, who include students.

A total of 16 corporate houses including ACI Ltd, Pran Group, City Bank, NIIT, Unitrend, HSBC, Bitopi, Bashundhara Group, Maersk Logistics, CityCell, Standard Chartered Bank, Bank of Ceylon and Uniliver Bangladesh are participating in the fair. The Daily Star is the media partner of the event, organised by the Department of Marketing of Dhaka University.

"The fair offers a chance for me to get a closer look at the corporate houses," said Mahbub Hasan, a business faculty student of Dhaka University.

"In fact, I visited the fair to drop my CV but the show really helped me gather some knowledge about career development as I attended a discussion in the fair," he added.

"This is not like other job fairs. Different discussion sessions on issues such as CV drafting, skill development and preparation for viva voce are helpful for job seekers," said Mahbuba Haque, another student.

"I do believe this fair will help me develop my career," she added.

"We have received a tremendous response from the students and received over one hundred applications at the first day of the fair," said Muhammad Mizanur Rahman, sales officer of the HongKong and Shanghai Banking Corporation Ltd (HSBC).

He said the HSBC is now collecting the CVs and after scrutiny, the bank will call the job seekers.

The HSBC offers some jobs for assistant officers at the fair. The bank also invites applications from eligible students for doing internship with the organisation.

"We are looking for some personnel. We think eligible candidates will get jobs after assessment of their CVs," said an official of Bashundhara Group.

"We are organising the fair not only to receive CVs but also to disseminate knowledge about career development in the competitive market," said Razwan Hamid Shezan, one of the organisers of the fair. He also said the Marketing Department of the university is organising the fair for the first time.

Earlier in the morning, AFM Yusuf Haidar, pro vice-chancellor of Dhaka University, inaugurated the fair.

AKM Abul Kalam Azad, treasurer, Sirajul Islam, dean of Faculty of Business Studies, Moinuddin Kamal, chairperson of Marketing Department of Dhaka University, and Md Sahidul Islam of Rupa Group were also present at the inaugural session.

Speaking at the inaugural function, the pro vice-chancellor stressed the need for developing relationship between students and corporate houses.

Appreciating the fair organisers, the pro vice-chancellor also said the students must know the techniques of facing interviews and writing CVs.

The fair remains open from 9am to 5.30pm today. Topics of today's sessions in the fair include long-term career planning, qualities needed to become global employees, maintaining relationship with corporate houses and advantages for marketing graduates.

Training on WTO, trade policy for journos begins

A residential advanced training titled 'WTO and Bangladesh Trade Policy' for journalists began yesterday at Savar, Dhaka, says a press release.

The Management and Resources Development Initiative (MRDI) is organising the training under a project titled 'Open Flow of Info on Trade & Economy' (OFITE), supported by the Delegation of the European Commission, Dhaka with technical support from the Centre for Policy Dialogue (CPD).

Twenty-four business or economic reporters from national dailies, TV channels and news agencies are attending the training. The same set of participants attended a 2-week foundation training in July this year.

The 2-week training will focus on the post-MFA market-access scenario, EU-Bangladesh trade relations, investment related legislation and preferential trade facilities like the GSP, trade barriers, FDI, TRIPS, NAMA, GATS, special & differential treatment, dispute settlement, regional trading arrangements (RTAs), environmental & social issues, CSR, labour and health standards (SPS) and other compliances.

Apart from local experts, Peter Ungphakorn and Luis V. Ople, information officers of WTO Information and Media Relations Division, Geneva, and Elke Pickartz, trainer of the International Institute for Journalism (IIJ), Germany are the resource persons.

PHOTO: SEDF

Vadivel Krishnamoorthy, Sri Lankan high commissioner to Bangladesh, Lutfor Rahman Matin, second vice president of the BGMEA, Aminda Atthanayake, managing director of the SLTS, and Syed Nayeem Emran, business development analyst of the SEDF, are seen at a workshop on 'Cost Reduction Techniques' in the RMG sector on Friday in Dhaka.

Cost cut in RMG sector a must to up competitiveness

Workshop told

STAR BUSINESS REPORT

Reducing costs in the readymade garment (RMG) sector has become a crying need of the country already faced with the challenges of globalisation and competitions with other nations, said a leader of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) at a workshop on Friday.

Lutfor Rahman Matin, second vice president of the BGMEA, was speaking at the inauguration of the workshop on 'Cost Reduction Techniques' in the RMG sector organised by SouthAsia Enterprise Development Facility (SEDF) and Spectrum Lanka Technology Solutions (SLTS) Ltd in Dhaka.

Matin urged the RMG sector people to avail themselves of the know-how the SLTS provides in the area of cost reduction to take the industry forward.

Vadivel Krishnamoorthy, Sri Lankan high commissioner to Bangladesh, Aminda Atthanayake, managing director of the SLTS, and Syed Nayeem Emran, business development analyst of the SEDF, among others, spoke at the workshop, which was attended by around 200 participants from across the country.

The areas covered at the workshop were industrial challenges and opportunities, cost effectiveness in the industry today, productivity and its activity, why costs in Bangladesh are high and the application of cost reduction techniques, along with the impact of training and development.

Aminda Atthanayake said his organisation has been working with Bangladeshi RMG sector since 2000 and has so far provided training for over 100 factories.

Sarada Wickremeratne, SLTS's in house resource person, spoke about how to analyse opportunity gaps and identified those with examples from the factories in the sector.

The Lankan envoy expressed optimism that Bangladesh with a vast potential and a large labour force can take the RMG industry to greater heights, beating its neighbouring competitors.

8pc growth hinges on FDI in manufacturing sector

DCCI roundtable told

STAR BUSINESS REPORT

Country needs foreign direct investment (FDI) in manufacturing sector instead of service sector not only to sustain the present GDP growth but also to achieve a target of 7 to 8 percent growth, observed speakers at a roundtable in Dhaka yesterday.

They said the foreign entrepreneurs and enterprises are taking away a huge profit from here by investing in service sector such as telecommunication that ultimately creates a negative impact on the country's macro economy.

They were speaking at the discussion titled 'Privatisation, FDI and Joint Venture' organised by Dhaka Chamber of Commerce and Industry (DCCI) at its auditorium.

Addressing the function, Khondkar Ibrahim Khaled, managing director of Pubali Bank Limited, said many of the people consider the increasing FDI as a sign of development. "But, I don't think so. Major portion of the FDI in our country comes in the service sector and they are siphoning off a huge profit to their countries," he said.

Moreover, he said, if there is no control on FDI, foreign businesses will control the local businesses once upon a time. "FDI will come, but there should be a control on it," he suggested.

Commenting on the state-run Rupali Bank's sell-off, Ibrahim Khaled said banking sector is the nerve of economy. "There should have been enough deliberations on foreign investment in this sector," he pointed out, making suggestion that lion's share of the bank should be held by Bangladesh. "Even, it should be done when black money investment is allowed on the bank," he said.

Speaking at the function, Privatisation Commission Chairman Enam Ahmed Chaudhury said along with service sector there is a need for FDI in other sectors including manufacturing and financial sector.

"But, prior to that we need to establish reliability before the foreign entrepreneurs. And the privatisation of Rupali Bank helps us establish such reliability to the foreign entrepreneurs," he said.

Zaidi Sattar, senior economist of the World Bank, said without privatisation of state-owned enterprises (SoEs), it will be a burden on the economy, while without FDI it will be difficult to come up with limited internal resources to sustain the present GDP growth.

DCCI President MA Momen said in FY 2004-05, net loss of the 44 SoEs stood at Tk 2,682.64 crore and in FY 2005-06, the net loss was estimated to be Tk 4,450.77 crore.

The nationalised commercial banks (NCBs) provided Tk 14,489.95 crore loans for the SoEs up to March 2006, of which Tk 5,127.26 crore or 35 percent turned out to be classified loan. The total debt service liabilities (DSL) of the SoEs was Tk 1,641.71 crore in the 2004-05 fiscal, of which Tk 971.91 crore or 59 percent was realised. In the 2005-06 fiscal, the DSL stood at Tk 1,731.61 crore and Tk 521.05 crore was recovered up to April 2006.

"How long the economy would bear such a heavy burden?" the DCCI chief questioned.

RI Khan, convener of Privatisation, Joint Venture and FDI Standing Committee of DCCI, presented a keynote paper at the roundtable.

$11b FDI to poorest states in '05: UN

AFP, *Geneva*

The world's 50 poorest countries received record foreign investment of 11.0 billion dollars last year, but only a handful of them actually saw major inflows of capital, a UN body said on Friday.

Foreign Direct Investment (FDI) in the world's Least Developed Countries (LDCs) remained heavily focused on natural resources and needed to be diversified to bring more benefits to the nations concerned, said the UN Conference on Trade and Development (UNCTAD).

The 2005 FDI total in these countries represented an increase of 3.4 percent compared with the previous year, said UNCTAD.

But their share of world FDI remained limited, representing just 2.0 percent of the global total -- and 5.0 percent of FDI across all developing countries.

In contrast, bilateral and multilateral aid from rich countries to the LDCs reached 24.0 billion dollars in 2005.

Within the group, Angola, which is Sub-Saharan Africa's biggest oil producer after Nigeria, topped the FDI table, drawing in 2.0 billion dollars.

It was followed by two other oil nations: Equatorial Guinea (1.6 billion dollars) and Sudan (1.5 billion dollars).

Together, the three countries accounted for almost half of FDI in the LDCs in 2005, said UNCTAD.

The resource-rich Democratic Republic of Congo saw the biggest increase in FDI last year, from 180 million dollars to 900 million dollars.

It was followed by Myanmar (580 million dollars), Ethiopia (570 million dollars), Chad (480 million dollars), Tanzania (450 million dollars), Bangladesh (440 million dollars) and Zambia (350 million dollars).

MICROENTREPRENEURSHIP

Winners get awards Tuesday

The five winners of Citigroup Microentrepreneurship Awards 2006 in the categories of - `Best Innovative Micro Business of the Year', `Best Woman Microentrepreneur of the Year', `Best Microentrepreneur of the Year', `Best Microfinance Institution (MFI) of the Year' and `Best Program for the Hardcore Poor' will be formally announced on Tuesday at a grand finale.

The programme is restricted to invited guests only, says a press release.

The main objective of the award is to salute those many unsung heroes from the toiling masses of the country who have literally graduated from microcredit takers into microentrepreneurs and are largely contributing to the economic growth of Bangladesh.

This award managed by Palli Karma-Sahayak Foundation and Citibank NA Bangladesh has been a special effort to contribute to improved micro level practices and to reinforce an enabling environment for tri sector partnerships between business, NGOs and the government on developing micro enterprises.

PHOTO: MRDI

Uttam Kumer Dev, senior research fellow of Centre for Policy Dialogue (CPD), speaks at the inaugural session of the two-week advanced training on WTO and Bangladesh trade policy for journalists. Hasibur Rahman, executive director of MRDI, is also seen.

PHOTO: SRISTY HOMETEXTILE

Kohei Takada (2-L), a home textile expert, Tomohiro Kinomoto (R), country director of Japan External Trade Organisation (Jetro), and G Saha, managing director of Sristy Hometextile Ltd, show off Sristy-made jute cushion covers, which will be put on display at the International Furniture Fair Tokyo 2006 in

PHOTO: BELHASA ACCOM

Belhasa Accom JV Ltd, a concern of Orion Group, signed an agreement with Butterfly Marketing Ltd on Monday in Dhaka. Under the deal, Butterfly will purchase the 14th floor of 'City Centre', a building owned by Belhasa Accom. Obaidul Karim, chairman of Belhasa Accom, and MA Mannan, chairman and managing director of Butterfly Marketing, signed the deal in presence of other senior officials from both the sides.