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UMBRELLA.**

Country's 1st offshore banking branch opens at Savar

Standard Chartered steals a march

SAVAR, Aug 16: The country's first trade finance and offshore banking branch went into operation at the Dhaka Export Processing Zone (DEPZ) here today to enable foreign investors to borrow and deposit funds, reports UNB.

The Standard Chartered Bank, a British multinational, set up the branch and became the first and only bank in Bangladesh to offer a dedicated trade finance facility as well as offshore banking services.

Commerce Minister M Shamsul Islam inaugurated the branch saying that Bangladesh should focus on penetrating export markets and making it an attractive place for investment.

The government is committed to stimulating external trade, he said, adding that economic well-being and the favourable balance of trade of

any country in the world is linked to its scheme of international trade, specially the export markets.

Being the first bank to introduce the Automatic Teller Machines in Bangladesh, the Standard Chartered has once again led the market by being the first financial institution to open an offshore banking unit here, the minister said.

British High Commissioner in Bangladesh Peter J. Fowler, EPZ officials, customers and senior executives of the bank attended the inaugural function.

Islam said the technological and worldwide network advantages of an international bank will undoubtedly be an added incentive to investors wishing to do business in Savar.

The Standard Chartered which has offshore banking units in various countries around the world should be

well-versed in offshore banking and export procedures and this particular branch would be in an ideal position to serve the foreign trade needs of the business operating in the DEPZ, he said.

The minister congratulated Standard Chartered for taking the lead in venturing into a business area that would directly benefit Bangladesh's economy.

Chief Executive Stephen M McCarthy said the new branch would offer a computerised trade finance facility linked electronically to the bank's global network.

The offshore banking services will give the investors access to the overseas financial markets and enable them to choose the currencies in which they wish to trade which depending upon market rates, could prove to be financially beneficial, he said.

In contrast to domestic

The branch will accept deposits and arrange loans in foreign currencies.

According to the customers owning plants in the EPZ, the branch would increase their efficiency because of the availability of the much-needed services on their doorsteps.

Sources in banking circles said that an offshore banking centre might be defined as a financial centre free of many taxes and constraints in respect of international banking business.

The term was first used to indicate offshore centres of the USA like the Bahamas and Cayman Islands.

A large volume of international transactions done in centres like New York London Paris etc are also offshore business which is especially free from most of the domestic taxes and levies.

The Agrani Bank ANZ Grindlays Bank and Habib Bank were given licenses to operate offshore banks but, the sources said market conditions did not allow them to operate.

banking offshore banking consists mainly of borrowing and lending of non-resident foreign currency denominated assets.

What an offshore bank basically does is borrowing and lending, both short and long term, in Euro-currencies, the currencies like US dollar, Japanese yen, pound sterling which are held outside their respective countries of origin by banks, organisations and individuals.

The Bangladesh Bank allowed operation of offshore banking units in the country in 1985 under certain terms and conditions but efforts to introduce this form of banking until now failed to yield results.

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Commerce Minister M Shamsul Islam seen inaugurating the Trade Finance and Offshore Banking Unit of Standard Chartered Bank in Dhaka Export Processing Zone at Savar yesterday. The British High Commissioner in Bangladesh Peter J. Fowler is on his right.

BKB announces Tk 865 cr credit programme for '94-'95 fiscal

Bangladesh Krishi Bank (BKB) yesterday announced a Tk 865 crore credit programme for the current fiscal year (1994-95) amidst exhortation by Finance Minister M Saifur Rahman for raising the bank's disbursement efficiency, reports UNB.

BKB disbursed Tk 598.56 crore in the last fiscal (1993-94) against a target of Tk 660 crore.

"Credit is the inherent strength of empowering the rural economy," Saifur Rahman said while revealing that the government was desperately exploring other complementary channel, the NGOs, to infuse increased loans into rural sectors.

"Some one hundred local NGOs will disburse Tk 100 crore in the rural sector this year. If they (NGOs) succeed, the minister said, the amount

would be raised in future.

The government has also the target of disbursing some Tk 850 crore in two years (1993-94 and 1994-95) through Grameen Bank.

The BKB's credit programme for the current year and its activities in the last year were made available to the bank's Managing Director Dr A K M Shamsul Huda at a briefing in the afternoon.

Apart from the Finance Minister, Finance Secretary Nasimuddin Ahmed and the Chairman of BKB board of directors were present.

Of this year's credit programme, Tk 602.52 crore (70 per cent of the total volume) will be disbursed as short-term crop loan. The remaining 30 per cent will go to livestock, fishery, irrigation and smallscale agro-based industries as medium term loan.

As the amount of bank's overdue loans have accumulated to Tk 2714.78 crore in last June, it has projected to recover Tk 669 crore during the current year. BKB recovered Tk 569.24 crore last year against a target of Tk 680 crore.

Briefing the government's relief and incentive package to the farm sector since it took over, the Finance Minister said the measures have started to deliver.

"There has been a spectacular achievement in the livestock, poultry and fishery sector."

The country now produces 25 crore eggs a year while "half self-sufficiency" has been attained in milk production, Rahman added.

The finance minister also noted that apart from writing off farm loan up to Tk 5,000,

interest rate has been brought down to 12 per cent from 16 per cent. Interest rates, which were previously compound, have been made simple.

Some 1300 small defaulting loans in small industrial projects were made operative by giving various reliefs.

BKB Managing Director Dr AKM Shamsul Huda, while expressing satisfaction at the recovery performance, said recovery situation would further improve if there is no "political pressure" in disbursement.

On the accumulation of the default loans, Dr Huda attributed the crisis mainly to the bank's programme to give loan to various sectors other than agriculture in the eighties. BKB gave credit in transport, textile and even in hangle manufacturing at that time, most of the stuck up loans are those ones."

Singapore's electronics industry output rises

SINGAPORE, Aug 16: Singapore's electronics industry continued to lead growth in manufacturing output in June, expanding by 28.8 per cent from a year earlier, a government agency said yesterday.

The Economic Development Board (EDB) said in a statement overall industrial output was up by 13 per cent in June.

The EDB attributed the strong growth to the usual and of quarter hike in disk drive production and continuing vigorous demand from the United States.

Production of computer peripherals such as printers, monitors and keyboards also rose on higher overseas orders while production of semiconductors, printed circuit boards and consumer electronics were also higher.

BIBM Workshop on credit risk analysis ends

A 3-day Workshop on Credit Risk Analysis and Decision Making was concluded at BIBM in the city yesterday, says a press release.

The Bangladesh Institute of Bank Management (BIBM) conducted the workshop with a view to familiarising the participants with the concept of credit risk. The workshop contents included, intralnia, preparation, interpretation and application of financial spread sheet and credit scoring system, identification and assessment of various categories of risk factors.

A H M Nurul Islam Choudhury, Director General of BIBM, presided over the concluding session of the workshop and gave away the certificates to the participants.

NAM meet endorses need for substantial debt reduction

JAKARTA, Aug 6: Ministers from 31 member states of the Non-Aligned Movement (NAM) ended a three-day meeting on Monday with a call for creditor countries to solve the debt crisis with substantial debt reductions, reports Reuter.

The debt issue is not a simple one but we must continue the struggle to solve it," Saleh Aliff, Indonesia's Coordinating Minister for Economic Affairs, told reporters.

Aliff said the meeting prepared a report for the NAM's 111 members, industrial countries, the World Bank, the International Monetary Fund and the United Nations.

The meeting endorsed the need for substantial debt re-

ductions, as opposed to repeated debt rescheduling, as the most appropriate approach for the resolution of the debt crisis of developing countries," the report said.

It urged a "once-and-for-all arrangement for settling all outstanding debt, including multilateral debt."

The report added there would "necessarily be a case-by-case approach in dealing with the debt of individual countries."

"The meeting agreed that, in light of poor economic policies that some countries had pursued in the past ... countries will need to put sound economic policies to restore growth and external

viability."

Gamani Corea, Chairman of the NAM's Advisory Group of Experts on Debt, said on Friday between 55 to 60 developing countries had serious problems. The total value of their outstanding long-term debt was 248 billion US dollars in 1992 compared with 224 billion US dollars in 1987.

Indonesia's President Suharto, the NAM's present leader, called on Saturday for a comprehensive and permanent solution to debt problems in developing countries.

Indonesia, Asia's only OPEC member, has a foreign debt of about 90 billion US dollars under Suharto.

Jute Minister calls for developing new method of jute retting

Jute Minister ASM Haider Shah yesterday urged the agricultural scientists to develop the techniques of jute retting and extraction for quality fibre, lowering cost of production and promoting the environment, reports BSS.

He made this call at the final co-ordination meeting for the IJO-FAO project on improved retting and extraction of jute at Bangladesh Jute Research Institute here.

Chaired by Jute Secretary Mohammad Abu Hena, the meeting was also addressed by Executive Director of International Jute Organisation (IJO) KM Rabbani, Agriculture Secretary M Akhtar Ali, chief technical advisor of the IJO-FAO project Dr Anwar Alam, FAO representatives Naoto Yoshikawa and Narong Chomchalow and regional project coordinator of the project Dr M Ziaul Haque spoke on the occasion.

The minister said the main plank on which jute is being marketed worldwide is its being cheap natural fibre, biodegradable and thus environment friendly. "So all out efforts should be made to remove all the associated environmental irritants," he said.

Hannan said jute sticks are major by-products of retting (soaking in water) and extrac-

tion of jute. He said for each tonne of fibre two to three tonnes of sticks are produced which are "quality soft-wood with varied application poten-

tials."

Hannan stressed the need

for the optimum use of these

MMM chief charged with tax evasion

MOSCOW, Aug 16: The man at the center of Russia's biggest investment scandal was formally charged Monday with tax evasion, a spokesman for the tax police said, reports AP.

Sergei Mavrodi, whose MMM investment company attracted millions of investors with promises of huge profits, could face a five year prison term on the tax charges, plus two years for impeding an investigation, said tax police spokesman Nikolai Medvedev.

Mavrodi has been in custody since a police raid on his Moscow apartment August 5. Officials say Mavrodi has refused to cooperate with investigators while in jail and say he destroyed documents just before he was taken into custody.

The Tax Police say invest-

ment Consulting, one of about 40 companies that Mavrodi controls, owes 49 billion

roubles (25 million dollars) in taxes and fines for the first quarter of 1994. Mavrodi's lawyers say he is innocent.

MMM was widely consid-

ered a pyramid scheme with no real investment strategy. Some early investors made huge profits, as money from subsequent investors was used to pay high returns. But the price of MMM stock collapsed after government warnings about the fund's instability in late July.

About 500 MMM shareholders demonstrated Monday in Moscow in support of Mavrodi, calling for the government to resign, the Interfax news agency reported.

The demonstrators shouted

"Free Mavrodi" and "we don't believe the government, we believe Mavrodi," as they began a petition calling for a nation wide referendum in his support.

International Jute Organisation and Food and Agriculture Organisation for technical cooperation for mutual benefit.

K M Rabbani said evaluation report of the project would be published next month with the recommendations for new technologies for jute retting and extraction for the consideration of the jute producing countries.

He said the long-term ob-

jective of the project is to assist the project participating six countries-Bangladesh, China, India, Indonesia, Nepal and Thailand to improve fibre quality and to establish a basis for future economic and technical cooperation between these countries.

Abu Hana said as jute is fac-

ing increasing challenges in export markets, the jute pro-

ducers need cheap but quality fibres for which the project is of high importance.

He noted with satisfaction that the project has also come up with solutions that eliminate water pollution associated with jute retting and extraction.

Dr Anwar Alam said the three-year project is working on TCDC pattern of operation with 8.95 lakh US dollar bud-

Arab oil earnings decline

ABU DHABI, Aug 16: Arab oil earnings dropped by more than five billion dollars in 1993 due to weak crude prices although Kuwait's oil output was sharply higher, an official report said yesterday, according to AFP.

The earnings stood at around 92 billion dollars compared with 87.7 billion dollars in 1992, said the report by the Organisation of Arab Petroleum Exporting Countries (OAPEC).

The report, carried by the official emirates news agency WAM, gave no breakdown but

experts said nearly half the revenues were earned by Saudi Arabia, which produced an average 8,095 million barrels per day (BPD) in 1993.

Total Arab crude output stood at nearly 17.5 million BPD, more than a quarter of the world's oil supplies.

The Kuwait-based OAPEC said most Arab countries lost revenue due to the fall in oil prices in 1993 to around 16.33 dollars from 18.44 dollars in 1992.

Kuwait's earnings, however, jumped by around 58 per cent

Hannan said jute sticks are major by-products of retting (soaking in water) and extrac-