26.5553

23.1720

5 2529

15.6282

Singapore asks brokers not to serve money launderers

SINGAPORE. Aug 25 Singapore has told stock brokers not to serve investors who could use the local stock exchange to launder dirty money, like that made from drug deals, a newspaper said Thursday, reports AP.

The Stock Exchange of Singapore issued a set of guidelines last week asking stockbrokers to personally interview prospective clients

the Straits Times reported. It was not immediately clear what promoted the stock exchange to introduce the regulation. Calls to stock exchange officials were not returned.

There have been no reported cases of money laundering in Singapore, and the government has not even said that the problem exists.

"The authorities have no been forthcoming in terms of the magnitude of the problem. Most of us are plain ignorant about it," said an analyst at a merchant bank, speaking on condition of anonymity.

But the guidelines appeared directed more toward corruption and bribery money Another stockbroker said drug money laundering could not possibly be as widespread in Singapore as in South America or the United States.

"The guidelines were drawn up (to) preserve the good name, integrity and reputation of the securities industry in Singapore," the Straits Times. a government-controlled newspaper, said.

It said stock brokerages should clarify the economic background and purpose of any transactions where the form or amount of funds appear unusual.

IBM prices on personal computers

NEW YORK, Aug 25: IBM on Wednesday cut prices on personal computers it sells to business customers by 12 to 25 per cent, reports AP.

The reductions come as International Business Machines Corp prepares to introduce new models next month. Last week: Compaq Computer Corp also cut prices seven to 22 per cent in advance of a new product rollout.

While some media accounts have suggested that a price warsis imminent in the industry, the actions by the two leading PC makers so far have amounted to little more than normal price cutting that oc curs before product lines are revamped.

Both IBM and Compaq cut prices on just one or two models in excess of 20 per cent and the bulk of the cuts were on older systems. With their most advanced products, the companies cut prices by less than component costs have been reduced.

URING 1980s the quality, efficiency as well as profitability of the banking sector in Bangladesh had been deteriorating. To regain that standard and to identify the problems and suggest remedies in order to create an efficient banking system in Bangladesh, a National Commission on Money. Banking and Credit was appointed by the Government in 1984

Consequently upon the formation of that commission World Bank made an indepth study on the financial sector. Finally, World Bank suggested some historical reforms to ensure safety, soundness and efficiency of the banking and financial sector.

On the basis of World Bank's suggestions, the Government had decided to reform a number of institutional and policy reform measures since 1989-

order to strengthen credit discipline and improve the recovery position of loans and advances by the banks the government.has introduced a new procedure of loan classification and provisioning under BCD Circular No. 34/89.

Prior to 1989, Bangladesh Bank inspecting officials used to classify any loan on the basis of qualitative judgement only. In the course of time the basis of that classification of loans had been proved as worthless. In order to eradicate the lapses in the classification method. Bangladesh Bank, under the BCD Circular No. 34 has introduced five types of basis of classification, viz. 1) Qualitative criteria. 2) Overdue criteria, 3) Required payment criteria. 4) Limit overdrawn criteria, 5) Legal

Action criteria. On the basis of above criteria any loan and advance can be classified as 1) Sub-Standard. 2) Doubtful and 3) Bad/Loss.

China warned not to expect speedy end of US sanctions

WASHINGTON. Aug 25: Despite a distinct warming in US-Chinese economic ties. Commerce Secretary Ron Brown warned China Wednesday that it should not expect a speedy end to five years of US sanctions, reports Reuter.

Brown travels to China Friday for an eight-day trade and investment mission but he denied the Clinton administration would use the trip to ease up sanctions pressure on Beijing.

The punitive sanctions have been in place since Beijing's 1989 crackdown on prodemocracy demonstrations in Tiananmen Square.

President Clinton extended them this spring - along with renewing Beijing's tariff benefits - and also banned some Chinese munitions imports in what analysts considered a token gesture to human rights activists.

Token gesture or not, the

sanctions are set to stay in place for the immediate future, said Brown "There are no present plans to lift those sanctions," he told reporters. "Those matters are always under consideration.

but no action is anticipated.

certainly no action during my

mission, and no action that I

know of in the near future." The sanctions cover US military sales to China and prohibit trade development assistance and so-called insurance guarantees for US companies

operating in China.

Earlier Wednesday, the Los Angeles Times cited Brown as saving that Clinton is weighing a possible end to the Tiananmen sanctions. But the coimmerce secretary said the newspaper had misinterpreted

his comments. Brown is the first US cabinet official to visit China since Clinton's controversial decision this May to extend China's most favoured nation tariff benefits and sever the link between commerce and human rights.

That decision helped clear the air and there is increasing speculation that Brown's trip. if successful, could pave the way for a presidential visit to Beijing. Brown said he knew of no present plans for Clinton to visit China.



Redwan Ahmed, MP, president of Bangladesh Garment Manufacturers and Exporters Association (L) and Anisul Huq Chowdhury, vice-chairman of Export Promotion Bureau (R) were interlocutors for a satellite Worldnet interactive on "GATT and the Multifibre Arrangement." They asked Dr William Cline, Senior Fellow, Institute of International Economics in Washington, questions and heard from other participants in New Delhi, Colombo and Kathmandu. This programme was arranged by the United States Information Service (USIS) in the city on Wednesday.

World oil prices rise

LONDON, Aug 25: World oil prices rallied yesterday amid news of further crude oil production cuts in Nigeria where an oil workers' strike is in its eight week, reports Reuter.

Traders said news that output at the 500,000-barrel-perday Forecados field in Nigeria had been cut to "minimum levels" yesterday and tanker loadings delayed by at least a week hit the market at a time when Nigerian developments had been at the back of traders' minds. The front-month contract for North Sea brent blend crude

oil, the world benchmark, rose on Wednesday to a high of 16.21 US dollar up 26 cents from Tuesday's close. Prices have fallen sharply from the 17-month peak of 1.14

US dollar achieve on August 1 when effects of the pro-democracy oil workers' strike in Nigeria climaxed, slashing 1.9 million BPD crude oil output by as much as 25 per cent. But Nigeria's oil exports had hardly been affected because

oil destined for the local market is now going abroad since domestic refineries have been shut by the strike. And Nigerian government officials said striking workers were following orders to return to work but the Forecados'

shotfall seemed to indicate that they were optimistic. "The market resisted moving higher unless the strike had further impact on supply and hit got that further impact to-

day." said Peter Gignoux. Head of the London Energy Desk at Smith, Barney Oil industry officials said strikers were ignoring a back-towork order by General Sani Abacha's military government and continued their strike to push for the release of presidential

claimant Moshood Abiola. The effects of the Nigerian strike had been waning on a shell-shocked oil market where eves had turned to sluggish refiner demand ahead of autumn maintenance shutdowns.

Cost of food in China soaring

BEIJING, Aug 25: With the cost of food soaring in China's cities and more money pouring into already red-hot investment projects. Beljing has admitted its serious inflation problem will be difficult to solve, reports Reuter.

Retail sales inflation in 35 major cities in July stood at a yearly rate of 24.2 per cent the State Statistical Bureau said in report received on Wednesday.

The price of food for city dwellers rose 31.9 per cent over July last year with grain jumping 57.8 per cent and vegetables 29.7 per cent, the report said.

On Tuesday, probably in response to those numbers, the Ministry of Internal Trade issued an urgent order demand ing an end to steep rises in food prices.

Despite the complaints there has so far been no panic in buying and no signs of public protests.

Hyundai shipyard workers accept new wages

SEOUL, Aug 25: Workers at key issues. Hyundai Heavy Industries accepted a new wage contract Thursday, ending two months of strikes that crippled the world's largest shipyard, reports AP.

The 55.4 per cent vote in favour of the contract officially ended the strikes and slowdowns that began June 24, idling 21,892 unionized work-

Of the 14,654 workers who voted on the new contract. 8.125 favoured the new offer.

Normal operations were expected to resume September 1 after workers return from their postponed summer vacations.

The relatively peaceful resolution of the labour dispute in the southern industrial city of Ulsan also marked a success for the government's hands-off policy towards labour disputes.

In an about-face, the government had refused requests by management to order binding arbitration to settle the issue, and had stood firm on refraining from using police to break up rallies by the hardline unionists.

The sprawling Hyundai Heavy Industries shippard is a subsidiary of the giant Hyundai group, the maker of Hyundai cars, semiconductors, and electronic goods. Hyundai was the second largest South Khrean conglomerate last year in terms of sales volume.

The union-management agreement at the shipyard came late Tuesday when both parties compromised on two

. Under the compromise, the management promised to drop criminal complaints filed against 49 union leaders, and the union withdrew its demand that workers be paid during the strike period.

The new contract calls for an average 11.3 per cent pay hike plus additional fringe benefits, which company officials said are slightly more than what the union originally had sought.

In past years Ulsan city, home to the shipyard and several other Hyundai subsidiaries, had been a hotbed of violent labour troubles.

Riot police have been called in to break up the rallies by firing teargas, and unionists had fought back with fire bombs and rocks, resulting in dozens of workers injured.

This year's dispute was relatively peaceful in comparison, with 40 workers injured last week when those choosing to return to work clashed with workers still backing the strike.

As the strike dragged on increasing numbers of union workers had opted to return. with some 10,000 returning by Tuesday. Over 14,000 had signed petitions demanding the strike be called off.

Hyundai said the strike had cost 530 million dollar in lost revenues and 750 million dollar in new contracts. Total loss incurred by the strike was expected to increase if the loss suffered by some 2,000 subcontractors were added.



Korri Culbertson models on Thursday the gold and diamond encrusted 225,000 US dollars Bertolucci designed watch on display in Sydney. The unique 18-carat watch contains 360 brilliant cut diamonds and 80 baguette cut diamonds and is earmarked for an Australian watch connoisseur. - AFP photo

Value of collateral security needs to be considered in loan clarification and provisioning By SM Abu Zaker

The brief method of classification as per BCD Circular No. 34 may be defined as follows:

Qualitative Criteria

Any loan may be classified by the lending bank whenever the bank has reason to believe the loanee may not be able to repay the loan due to a change in the circumstances under which the loan was originally sanctioned, i.e. on the basis of qualitative factors. The factors may be as under:

- Poor financial performances of the borrower.

- In sufficiency of security. - Other unfavourable fac-

Overdue Criteria If the length of overdue (from the date of expiration) is

classified as sub-standard. . -If the length of overdue is 36 months or more but less than 60 months it' should be

12 months or more but less

than 36 months it should be

classified as doubtful. -If the length of overdue is 60 months of more it should

be classified as bad /loss. Required Payment

Analysis

if the annual rate of payment (credit summation over required period divided by the months of the required period multiplied by 12) is less than maximum debit balance on any day over the required period. it should be classified as substandard.

Limit Overdrawn Criteria

if the total balance outstanding as of reference date is greater than 1.5 times sanctioned amount and it continued for 45 days or more preceding the reference date it

should be classified as substandard.

Legal Action

If legal action has been initiated and the time between the initiation of legal action reference date is less than 60 months, it should be classified as doubtful.

To explain the above classification procedure is not my metive. I have just tried to find out whether there is any consideration of value of collateral security in classifying the loans and advances. If the readers try to find out the consideration of collateral security while classification of loan as per BCD Circular No. 34 on going through the above brief classification procedure, certainly the readers will not find the consideration of value of collateral security.

When a loan becomes classified, it is required to maintain provision. As per above BCD Circular the rate of provisions are: 1) Sub-standard-10%, 2) Doubtful-50% and 3) Bad/loss-100%. It is needless to mention that provisions against loans and advances are not favourable and congenial to the banks as well as shareholders, since the provision reduces gross profit of the banks. If the profit reduces, then the shareholders lose the dividend. And as a consequence the goodwill of the bank might be deteriorated.

As there is no consideration of value of collateral security in classifying loans, the number of accounts increase in the list of classified items. As a remult the amount of provision also increase. As the World Bank/Bangladesh Bank has not

considered the collateral security, as per the BCD circular, any particular loan may be classified easily, but according to respective bank management the said loan should not the Bangladesh Bank to repay a be treated as classified item. loan or advance if the borbecause they have adequate rower defaults. collateral security against that loan. Though the loan is fully secured according to bank management on the basis of value of collateral security, but according to World Bank/-

In this regard World Bank/Bangladesh Bank has considered security aspects at a very little extent. The basis for provisions on sub-standard loans BCD circular covered some securities which is well known as eligible securities. According to that circular the base for provisions on substandard loans is the balance outstanding in the loan ledger for the loan less any interest taken in an interest suspense account which is also include in the loan ledger, less the value of eligible securities. In case of doubtful and bad debt there is no effect of so called

Bangla-desh Bank it is

classified as the collateral se-

curity as not a considerable

matter.

In this connection weshould understand that what World Bank mean by the ble securities. As per their explanation the eligible securities are: i) Goods with a ready market that are physically reld in the control of the bank in its godown/warehouse. ii) Gold/gold-ornaments physically held by the bank. iii) Fixed and other deposits on which lien is marked, Government bonds or certifi-

eligible securities.

cates of deposit held by the bank. iv) Guarantees/counter guarantees given directly, and formally, by either the Government of Bangladesh or

practice, every bank widely sanctions loans against collateral securities i.e. land and building or immovable properties. In case of collateral securities the property is duly mortgaged either through equitable mortgage or through legal mortgage, to sell the mortgaged property easily in case of default of the loan. While sanctioning of the loan against collateral security, the loan amount is not higher than the value of collateral security.

in most of the case the banks usually sanction loans 50% of the value of mortgaged property. If we assume that a loan amount is Tk 1.00 lac and the value of mortgaged property is Tk 2.00 lac. If the length of overdue of the said loan exceeds 12 months, according to BCD circular-34 the loan should be classified as substandard. Whereas the loan is fully secured - as the bank can dispose of the mortgaged property and can realise the loan with upto date interest. In such case why should the bank treat the loan as substandard and why should they make provision at 10%? In this regard there is no answer under prevailing classification procedure.

In my above discussion what I tried to establish is that as the collateral security is a vital principle of lending practicing in Bangladesh, the aspects of

collateral security must be considered while loan classification and provisioning

If we consider the collateral security while classifying loan and making provision, the actual position of classified amount will reduce and total amount of provision will also be reduced. As a consequence of that the total profit of the bank will increase which might not be fictitious at all As a result the shareholder of the banking companies will be interested to invest in this sector and the share market of the country may be strengthened and flourished.

in the connection we would draw attention to the officials of Financial Sector Reform Project (FSRP) working and researching in Bangladesh. By the by we understand that the World Bank officials do not believe that the collateral securify has no effects to loans and advances. In this regard bankers actually face a lot of problem and complexity of laws in case of disposing of the collateral securities. Under the prevailing laws and legal procedure, disposing of the collateral securities in view of adjustment of loan, is a time consuming matter and banks have to face many illegal ac-

tivities as well as threatening. The above complexity related to the disposing of the collateral security is almost state created, for which bank could not be responsible. To strengthening the financial sector. Government should pay more attention in this re-

It is the high time to iden tify the problems in respect of collateral security with a view to bringing under consideration the value of collateral security during loan classification and provisioning.

(The writer is a staff member of Arab Bangladesh Bank

Exchange Rates

Following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as on August 25

Currency	(Figures in Taka)						
Currency	TT & OD	elling EC	TT Clean	OD Sight Ex. Bills.	OD Transfer		
US Dollar	40.3775	40.4085	40.0900	40.0365	39.8675		
Pound Sterling	6249630	63.0113	61.2508	61.1691	60.9109		
DM -	26.3496	26.3698	25.6274	25.5932	25.4851		
F Franc	7.6931	7.6990	7.4850	7.4750	7.4434		
C Dollar	29.7088	29.7316	28.8921	28.8336	28.7318		
S Franc	31.2740	31.2980	30,4131		,30.2443		
Jap Yen	0.4121	0.4124	0.3967	0.3961	0.3945		
Indian Rupee (AMU)	1.2939	1.3036	1.2722	1.2531	0.0040		
Pak Rupee (AMU) Iranian Riyal (AMU)	1.3236 0.0232	1.3335 0.0234	1.3014 0.0227	1.2819	. 3		

60 Days DA 90 Days DA 120 Days DA 180 Days DA 39.1718 38.3199 C) US Dollar sight export bill 3 months forward purchase: Tk. 40,0365 D) US Dollar 3 months forward sale Tk. 40.6085 **Indicative Rates** Currency Selling Buying T.T. & O.D. O. D. Transfer S-Rival 10.7665 10.6296 UAE Dirham 10.9942 10.8539 Kuwaiti Dinar 135.9970 134.0535

Note: AMU-Asian Monetary Unit

Scheduled Banks' Position

26.9129

23.4821

5.3229

15.8343

Singapore Dollar

Malaysian Ringgit

D Guilders

S Kroner

Statement of position of scheduled banks as at the close of business on August 4, 1994

Taka in unit 1. Demand Liabilities in Bangladesh i) Deposits (general) 6550,03,13,000 ii) Deposits from banks 214,88,93,000 iii) Borrowings from banks 108,73,00,000 iv) Borrowings from non-banking financial institutions v) Other demand liabilities 1609,95,02,000 2. Time Liabilities in Bangladesh i) Deposits (general) 24553,95,96,000 ii) Deposits from banks 399,98,05,000 iii) Borrowings from banks iv) Other time liabilities 1490,01,49,000 3. Borrowings from Bangladesh Bank i) Against usance bills ii) Against promissory notes 190,00,00,000 iii) Against approved securities iv) Other borrowings 2602,88,25,000 4. Cash in Bangladesh i) Bangladesh notes 405,83,68,000 ii) Bangladesh taka coins iii) Bangladesh subsidiary coins 5. Balances with the Bangladesh Bank i) Principal office

9,71,19,000 45,000 3746,67,53,000 ii) Other offices & branches 88,82,55,000 6. Balances with other banks in current account in Bangladesh 241,83,59,000 7. Money at call & short notice in Bangladesh 678,77,75,000 8. Investments (at book value) 7617,95,16,000

9. Credit provided in Bangladesh *i) Advances except those to other banks 26725,67,81,000 ii) Advances to other banks iii) Inland bills purchased and discounted in Bangladesh 121,66,37,000 iv) Foreign bills purchased and discounted in Bangladesh 747,67,27,000

v) Inland bills sold to or rediscounted with the Bangladesh Bank not yet matured and not included in (III) above vi) Foreign bills sold to or rediscounted with the Bangladesh Bank not yet

matured & not included in (iv) above *Figure shown in column no. 9 (1) above includes foreign currency loans of Tk. 181,13,13,000 Source - Bangladesh Bank press release.

Shipping Intelligence

30/8

3/8 27/8

8	527	Chittag	ong por	t	2000	
Berth position and performance of vessels as on 25/8/1994						
Berth No.	Name of vessels	and the second s	Last port	STATE OF STREET	1272 SAN TELESCOPE	Leaving
J/1	*Pagan	GI	Yang	МФГА	-	25/8
J/3	Tirgu Secutesc	P Iron	Trin	USTC		30/8
J/4	Lydia-II	Sugar(G)	Safa	Seacom		28/8
J/5	Qing He Cheng	GI	S.Hai	BDship	INVESTMENT OF COMME	26/8
J/6	Fulvia	Mop(p)		nond 16/8		S#697.03
J/7	Dong Fang Yang	Sugar(p)	Kosh	OWSL		2/8
J/8	Ocean Envoy	Rice(p)	Kara	Karna		The second secon
J/10	Elang-II	GI	Ciga	Season	3400000000000	28/8
J/11	Pelopidas	Wheat(p)	N.ord	Litmond	7777776	1/9
J/12	*Banglar Shobha		Mong	BSC		24/8
MPB/1	Fong Shin	Cont	Sing	BDship	100 mm 10	28/8
MPB/2	Iran Elham	«Cement	Yang	BSC	5/8	26/8
OCI	* Petr Starostin	Repair	Sing	CT	16/8	26/8
GSJ	* Ocean Earth	Cement	Stng	USTC	16/8	26/8
RM/4	Throstream	CDSO	Darb	TSL	16/8	
RM/6	Team Trinta	HSD/MS	Sing	MSPL		27/8
DOJ	* Banglar Jyoti	C.Oil		BSC	R/A	. 26/8
DD:	Continent-1	Repair	Okha	CLA	12/8	25/8
DDJ/2	* Banglar Asha	Repair	-	BSC	R/A	28/8 30/8

Name of vessels	Date of	Last port	Local call	Cargo agent	Loading
* Lhotse	25.8.94	Sing	RSL	Cont	Sing
* Min Jiang	25.8.94	Sing	Prog	GI	
* A Goncharov	25.8.94	Sing	cr	Cont	Sing
Meng Kiat	26.8.94	Sing	AML	Cont	Cal
Robert-c-Lee	26.8.94	Bomb	Karna	GI	1115-0-0-0
Silver Lake	26.8.94	Hong	Prog	G1	
Vishva Parag	27.8.94	Bomb	CHICALOUT MAN	Corn	Uk Cont
Ultima	29.8.94	 Mong 	Baridhi	cont	Col
Banglar Mont	28.8.94		BSC	Cont	Sing
Al Salma	28.8.94	Pena	ASU.	· GI	
Kapitan Andguladze	30.8.94	OF STREET	Scare,	M.Seeds	
Trans Auto	30.8.94	Sing	ALE?	Vehicles	
Optima	30.8.94	Sing	RSL	Cont	sing
Banglar Robi	30.8.94	1000000	BSC	Cont	Sing
Yamburenko	30.8.94	12	CT	Cont	Sing
Zang Su Bong	31.8.94	5	Rambow	Cement	100000
Rex	30.8,94	NACA	OWSL	Vehi Cont	III Tri sussissioner

Urea

Bank

ASLL

CUFJ: Safar

	A COORTIO	at isutundia		
Name of vessels	Cargo	Last port- call	Local agent	Date of
Vesse	ds at Kutub	dia/outside p	ort limit	
Chemi Pioneer Banglar Shourabh	C.Oil	Rast	H&SL BSC	16/8 R/A
A W	Vesse	els ready		
Kota Bintang Choin	Cont HSD	Sing Sing	CTS MSPL	24/8 25/8
u	Vessels	not ready		
Ane Mone Uberty	Cement R Seed	Sing P Stde	Arka Rainbow	19/8 24/8
Moveme	ent of vessel	s for 26.8.199	4 & 27.8.94	
	24 000		-	

Outgoing Incoming Shifting 26/8 3/5 Q H Cheng MPB-2 Meng Kiat MPB-2 iran Elham to J/2 Ocean Earth J/9 Silver Lake Team Trinta DOJ B Shourabh 27/8 RM-3 CCJ P Starostin to DDJ-3 Thorostream CUFJ B Kallot J/5 Uberty DDJ-2 B Asha to INDJ/1

Shourabh DOJ Ane Mone CULJ Salar to TSF The above were the Thursday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group. Dhaka.