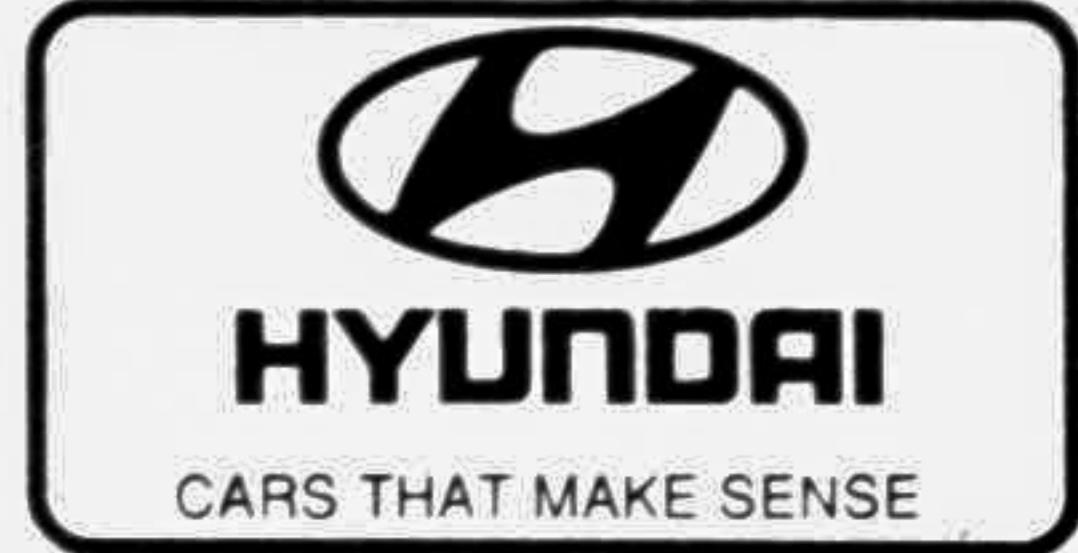




The Daily Star BUSINESS

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Tofael invites Chinese team to invest in bigger way

Commerce and Industries Minister Tofael Ahmed yesterday requested Chinese entrepreneurs to come to Bangladesh in a bigger way and become development partners of the country in its present thrust on speedy industrialisation, reports UNB.

He was addressing a meeting between a visiting business delegation from the Chinese province of Hainan and the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI).

The industries minister suggested that entrepreneurs of Bangladesh and Hainan province have much more common sectors to invest in, like cement and other natural gas-based industries.

He said Bangladesh and Hainan also have some similarities in climate and crop pat-

tern. "We can share our knowledge and experience to infuse modern technological know-how."

Explaining government policy in trade and industries, the industries minister said: "We've given tremendous importance to foreign investment with attractive package of incentives."

Referring to the visits of Prime Minister Sheikh Hasina and himself to China, Tofael said they had fruitful discussion with the Chinese government and businessmen.

Terming China a very good friend and old development partner of Bangladesh, Tofael hoped that it would continue to play its role in participating in Bangladesh's development activities.

He said major industries of the province are construction and building material, paper,

chemical fertilizer and motorcycle-producing plant which is the country's biggest bike-manufacturing factory.

Hainan, situated at the south tip of China, is considered a poor and backward region with poor transportation system. Its population is above 7 million and size a little bigger than Taiwan, the governor said.

The meeting, held at the Federation Building, was also addressed by State Minister for Foreign Affairs Abul Hasan Chowdhury, Chinese Ambassador in Bangladesh Zhang Xu-jing and FBCCI president Yusuf Abdullah Harun.

The Governor focused on his province's efforts and success in developing its agriculture and industries, particularly in the Hainan Special Economic Zone, which is the largest one in the country but different from other economic zones.

The 11-member Chinese business delegation from Hainan province comprises entrepreneurs from agriculture, industry, trade, commerce and tourism sectors.

Steps taken to legalise Bangladeshi workers in Malaysia: JS told

shain government.

As a result, it is hoped that the Malaysian government would take the issue with a sympathetic attitude towards the expulsion of the Bangladeshi workers from that country, he said.

Replies to a starred question from Kazi Shah Mofazzal Hossain Kalkabab, he said the State Minister for Foreign Affairs during his recent Malaysia trip discussed the issue with authorities in Kuala Lumpur.

"During my visit to New Delhi last November, I myself took up the issue with the visiting Malaysian Prime Minister and discussed it in detail," he informed the House.

Besides, the minister said, country's embassy in Kuala Lumpur is continuing efforts to get the Bangladeshi workers legalised keeping contacts with different levels of the Malay-



Commerce and Industries Minister Tofael Ahmed addressing a meeting with the visiting Chinese trade delegation at the FBCCI auditorium in the city yesterday. — PID photo

Fertilizer distribution in Sherpur, Mymensingh

Stock adequate, price high

By Reaz Ahmad, back from Sherpur

Despite a comfortable stock and supply position of fertiliser, farmers in Sherpur and Mymensingh areas are paying high prices for the soil-nutrient.

An oligopolistic situation is forcing farmers to succumb to whatever prices the dealers are demanding.

In this period of the year, a vast area of arable lands in these two districts were seen prepared by farmers for sowing seeds of various rabi crops. In many areas, seeds of boro paddy and wheat were seen to have already been planted. Farmers have started procuring urea fertiliser for land preparation and rapid growth of the sown seeds.

During a two-day visit, The Daily Star correspondent came across a cross-section of people including peasants, fertiliser dealers, and thana level government officials who have direct links with the total process of agricultural production and supply, management and distribution of urea fertiliser. This correspondent had also talks with Begum Motia Chowdhury, Food and Agriculture Minister, who was also on a visit to her constituency during the time.

At Shambujan Bazar in Mymensingh, piles of bags full of urea fertiliser from Zia Fertiliser Company Ltd. was found stocked inside a dealer's shop. Besides, some more bags were also seen being transported in by rickshaws and rickshaws.

As per the general rule of the business, fertilisers of Zia, the factory that situated at Ashuganj in Brahmanbaria, are not supposed to be sold in the market of Shambujan, because the area comes under the supply-area of Jamuna Fertiliser Company Ltd. situated at Tarakandi in Jamalpur.

On enquiry, proprietor

Shahjahan Mia said that he purchased a lot of 160 bags, 50 kg urea each, from Roni Trading in Netrokona. He said per bag costs him Taka 228 though the millgate price is Taka 186 per bag.

Haradhan Gop, TNO, Nakla, told this correspondent that the local administration were making constant efforts to keep the urea price below Taka 230 per bag. "If you include Taka 20 as carrying cost and Taka four more as miscellaneous cost with millgate price of Taka 186 per bag, still one can profit Taka 20 per bag if he sells at Taka 230," explained Gop. A peasant leader observed that more strict measures are required to check illegal transportation of fertiliser, meant for one area, to other area.

When here attention was drawn to the present supply and stock position, Mota Chowdhury said "we are aware of the coming peak season and that's why fertilisers are being supplied to dealers in a slow-to-gradually speedy manner so that peasants do not experience repetition of the hard-time that they went through last year."

Talking to farmers, this correspondent learnt that they require urea to boro cultivation in three stages between the time from land preparation to harvesting. The period between mid-February and mid-March is expected to be the peak time of need for urea, according to them.

While visiting Rupnaryan Kura, a union in Nalitabari, adjacent to Haluaghat of the neighbouring Mymensingh district, a vast agro-land was found to be just prepared for sowing while at some other areas in the union both Bangladeshi and Garo women were seen sowing seeds of Boro. Some also learnt to be experimenting cultivation of 'Brooas', a hybrid rice variety innovated through genetic cross-breeding of Aus and Boro.

It is learnt that over the last two months fertiliser dealership of four traders were cancelled in Sherpur on charge of Thana Boro.

The papers said Iraq would pay 50 million dollars to Jordan for debts accumulated from previous trade accords. The amount would be paid by Iraqi oil exports to Jordan.

Stagnation in investment and economic growth is related to the situation in its banking sector. At present the banking sector's contribution to the GDP is only 2 per cent. However, it has the potentiality to contribute much more to economic and industrial growth by better mobilisation of resources and improving resource allocation.

The biggest problem of the banking sector of Bangladesh is debt default. The high debt default rate among PCBs has occurred due to insider lending and among NCBs, due to high risk loans to priority sectors, new entrepreneurs, SOEs, sick industries and borrowers with political influence. In addition these NCBs are compelled to ensure loan forgiveness programmes by the government. The NCBs suffer from poor quality of loan requiring extensive provisioning. The bad debts of State Owned Enterprises (SOEs) are also partly responsible for this.

Bangladesh still suffers from low domestic savings and investment. While the saving rate has increased in recent years, the level (7 per cent of GDP) is still very low in comparison with India, Sri Lanka and Pakistan. In a framework of rigid interest rates the variation in the inflation rate results in real interest moving up and down quite sharply. This is disturbing for the investors and acts as counter-cyclical, because when inflation increases the real interest rate falls and investment demand increases.

Bangladesh's continuing

Iraq, Jordan to increase trade in '97

BAGHDAD, Jan 20: Iraq and Jordan have agreed to increase trade by 35 million dollars to reach 255 million dollars for 1997, Iraqi newspapers reported yesterday, says Reuter.

The papers said Iraq would pay 50 million dollars to Jordan for debts accumulated from previous trade accords. The amount would be paid by Iraqi oil exports to Jordan.

On the basis of the parameter provided by the Banking Company Act 1991 each bank was supposed to maintain at least 6 per cent of its Time and Demand liabilities as its capital in the past. Unfortunately, most of the banks could not maintain this. Only eight banks could maintain required capital as on December 31, 1994 and those were mostly foreign banks.

Thousands of bank cases (reported 40,000) against the loan defaulters are pending with the Court (only one court against which they have to make huge provisions resulting in decline in profitability. Classified loans as on June 30, 1996 were 33 per cent of total loans in banking sector, while it was 34.90 per cent as on December 31, 1993.

Before 1990 banks were accruing interest virtually on all loans and advances regardless of the extent of recovery. Provisioning against unrecovered loans was considered unsatisfactory. A week legal framework for recovery coupled with widespread directed loan by NCBs and PCBs has resulted in a large chunk of the banking sector's loan portfolio being in default. The rules governing loan classification and provisions have been implemented successfully which forced banks to recognize bad debt costs because much of these provisions have been taken into the balance sheet.

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Artha Rin Adalat was set up to handle the financial cases, under the usual legal set up due to inadequate legal framework and lack of proper focus. Prolonged delay in legal process and problem in exercising decrees, are mainly responsible for slow recovery of non-performing loan. Despite the existence of Loan Recovery Act, loans can not be recovered since the banks have to take recourse of the civil court for execution of the decrees. There is also no recovery officer under the present set up.

Capital Adequacy

On the basis of the parameter provided by the Banking Company Act 1991 each bank was supposed to maintain at least 6 per cent of its Time and Demand liabilities as its capital in the past. Unfortunately, most of the banks could not maintain this. Only eight banks could maintain required capital as on December 31, 1994 and those were mostly foreign banks.

The central bank has intro-

duced a new Risk Assets based capital adequacy system with effect from July 1, 1996. Under the new system, banks are required to maintain 8 per cent of their risk-weighted assets as capital. All NCBs would find the standard easier to meet (due to their lending to the government) in comparison with the foreign banks and PCBs. At present the NCBs and most private banks are not in compliance with the new system. The capital position of the NCBs continues to deteriorate with increase in provision requirement. Thus the objective of requiring capital adequacy has not yet been achieved and can not be achieved until injection of fresh funds by the sponsors or owners are made.

To be continued

(The writer is the head of Treasury and Institutional Banking, Standard Chartered Bank. The article is the except of a paper read out in a seminar at London on the occasion of 25 years of independence of Bangladesh.)

Coming AGMs						
Company	Book Closure	AGM/EGM	Date	Venue & Time	Dividend Proposed	
Chittagong Cement	01/03/97-20/03/97	AGM	20/03/97	Hotel Agnabadi Clg 10 am	16.2.20	1R2(P& Tk 1000)
Tripli Ltd	16/1/97-30/1/97	AGM				1R1(P& Tk 125)
BD Zipper (Deb)	15/01/97-31/01/97	Half yearly Interest				
Orion Infusion	27/10/97-03/02/97	AGM	03/02/97	Hotel Sonargaon, 10 am	1R2(1st) 17	
BOC Ltd	05/01/97-02/02/97	AGM	02/02/97	Sonargaon Hotel 2 pm	16.5.30	
Rathn Textile	16/01/97-30/01/97	EGM	30/01/97	Sohag Community Centre 11am		

Shipping Intelligence

Chittagong port						
Berth	Name of vessels	Cargo	L port	Local agent	Date of Leaving	Arrival
J/3	Kanak Naree (48)	Gr	Sing	Everett	15/1/20	20/1
J/4	Fu Ping	Gr	Sing	Prog	7/1	23/1
J/5	Guardian Angel	Salt(TCB)	Ind	CCNL	31/12	21/1
J/6	Globe Trader	Gr(C. Peas)	Sing	Seacom	12/1	30/1
J/7	Fujishan Maru	Wheat	Sing	AASS	10/1	25/1
J/8	Anodat Naree	Wheat (P)	P.Land	Seacoast	25/12	23/1
J/9	Soyra	Gr(D.Pea)	Wala	Rainbow	14/1	22/1
J/10	Mirna	Gr	UMLT	UMLT	14/1	25/1
J/11	Feng Ge	Ureal(G)	Chin	BDShip	30/12	20/1
J/12	Padma	Cont	Cont	RSL	16/1	22/1
J/13	Da Fu	Cont	Sing	Ap(B)	14/1	20/1
CCT/1	M.Regina	Cont	Sing	Pil(BD)	17/1	22/1
CCT/2	Freesia	Cont	Col	BDShip	1/R/A	21/1
CCT/3	Fong Shin	Cont	Sing	BDShip	16/1	20/1
RM/4	Hong Gu Cheng	Cont	Fang	BDShip	5/1	20/1
CCJ	Jon Jin	Clink	Tallow	Col	2/1	20/1
RM/3	Margate			Simni	11/1	20/1
RM/5	Mekhanik					
RM/6	Ilchenko			MSRL	15/1	20/1
RM/7	Entalina			ECNL	16/1	21/1
DOJ	Banglar Jyoti	C.Oil		BSC	R/A	21/1
DOJ/1	Tanary Star	Idle		PSAL	7/6	31/1
RM/8	Banglar Mamata	Idle		BSC	R/A	23/1
RM/9	Banglar Moni	Repair	Mong	BSC	15/1	24/1
CUPLJ	Blue North (atch)	Cement	Qing	PSAL	3/6	31/1

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