



DHAKA, TUESDAY, DECEMBER 21, 1999

Transcom begins 10-day Whirlpool product service workshop

Star Business Report
Transcom Electronics Limited yesterday launched a ten-day workshop on Whirlpool product servicing in the city with an aim to double its sales.

A total of 35 authorised inter-service engineers and technicians are participating in the workshop to get themselves equipped with the latest servicing techniques.

KM Ali, Consumer Electronics Manager, and Abdul Baki Bhuiyan, Service Manager of Transcom Electronics, inaugurated the workshop at a city hotel.

In his speech, KM Ali said that the workshop was mainly aimed at boosting the sales of Whirlpool products by 200 per cent before the Eid-ul-Azha.

Last year we experienced a 300 per cent increase in sales mainly due to our effective technical and servicing facilities," he said.

Transcom has inter-service centres in Dhaka, Chittagong, Khulna and Bogra providing services for Whirlpool products like micro-ovens, no-frost refrigerators, chest freezers and semi and fully-automatic washing machines.

Communication Manager Rizwana Najrul, Whirlpool Trainer Nirmal Bhattacharya and Service Manager Abdul Baki Bhuiyan also spoke at the inaugural session.

Standard Bank's 4th branch opens in city

As Standard Bank opened its fourth branch in the metropolis yesterday, Mayor Mohammad Hanif said the present government is relentlessly working to bring back discipline in the financial sector left by past rulers in a shambles, says UNB.

"The previous government had brought the country's economy on the verge of collapse by letting in indiscipline in banking sector and introducing a default culture," he said.

Describing present government's epoch-making steps for privatisation in banking and insurance sector, the mayor opined that the launch of Standard Bank and other banks reflected their proper realisation.

He told the function, that the government had taken various efforts to face the challenge of the next century and urged the business to come forward to help raise productivity further.

The mayor was bitterly critical about harial saying certain opposition quarters for their lust of power are trying to destabilise the country and destroy economy by calling strike one after another.

Tofail says MGF project aims at export diversification

Commerce and Industries Minister Tofail Ahmed on Saturday said the principal aim of the World Bank-funded Tk 250 crore Matching Grant Fund (MGF) project is to help entrepreneurs for export diversification, reports BSS.

Addressing the first grant signing ceremony under the MGF project in the conference room of the ministry of commerce, Tofail said the MGF project would expedite export diversification and help increase quality and quantity of the country's export items.

JF Bank, unit Manager of MGF and Mostafa Anwar of Birds Fabrics signed the grant agreement on behalf of their respective organisations, an official handout said in the city.

MGF Chairman Yusuf Abdullah Haroon and JF Bank spoke on the occasion.

The MGF project will finance equal amount of money the entrepreneurs would spend for export diversification. The government has already formed a committee comprising leading businessmen and industrialists of the country headed by noted industrialist Yusuf Abdullah Haroon to disburse the grant.

Trust Bank opens its 2nd branch in city

The Trust Bank Ltd opened its second branch at the Sena Kalyan Bhawan, 195, Motijheel Commercial Area here yesterday, reports BSS.

Chief of Army Staff and Chairman of the Bank Lieutenant General Muhammad Mustafizur Rahman, BSMR Bikram, attended the function as chief guest and unveiled its plaque.

Munajat was offered seeking blessings of Almighty Allah. After formal inauguration, the Chief of Army Staff went round different sections of the branch, 'SPR' press release said.

At the time Minister Sheikh Hasina and sponsored by the Bank Ltd, the Trust on November 29 at the Dhaka Cantonment.

Speaking on the occasion, General Mustafiz said the Bank would function like all other scheduled commercial banks.

Speakers at roundtable on 'Bangladesh in the new millennium'

Punitive actions required to save banking sector from corruption

Star Business Report

A leading economist and a top central bank official yesterday observed that strong punitive actions were needed to salvage the country's banking sector from the clutches of corruption in the next millennium.

They also felt that such bold steps would require adequate political backing and reforms would not take any shape without such cleansing acts.

"The main challenge facing Bangladesh's banking sector in the new millennium is to pull the Nationalised Commercial Banks (NCBs) out of a vicious cycle that controls the loan sanctioning and other banking affairs," said Khondokar Ibrahim Khaled, Deputy Governor of the Bangladesh Bank, at a roundtable on "Bangladesh in the new millennium" jointly organised by Bangladesh Insti-

tute of Development Studies (BIDS) and the vernacular Daily Prothom Alo at the BIDS conference room yesterday.

The central bank has control over the directors of the private commercial banks (PCBs), but it cannot take action against the NCB directors who have outright grips over the entire loan-sanctioning process of their respective banks," he added.

Participating in the discussion, economist Dr Wahiduddin Mahmud said that weak control over the financial sector had frustrated the aim of allowing private banks in the country.

He said that despite huge corruption in the PCBs, there was not a single example of harsh punitive action taken against the offenders.

"Attention was not given to establish an authority over the

financial sector when PCBs were allowed at donors' advice," Dr Mahmud said.

Dr Mahmud, who is also a board member of Bangladesh Bank, said the central bank cannot determine exchange rates which is now controlled by the government.

He also said that inefficiencies were being bred in the NCBs through their age-old promotion systems. "Seventy per cent of the NCB officers are promoted and fresh graduates are not recruited to fulfil the quota," Dr Mahmud added.

Earlier, Ibrahim Khaled said that classification rates in the NCBs and PCBs were 29 per cent and 25 per cent respectively when reforms were initiated in December 1990. But after the reforms, the rates are 33 per cent and 41 per cent for NCBs and PCBs respectively.

Dr Zaid Bakht, Research Director of BIDS, talking on glob-

alisation and its impact on Bangladesh, said the degree of success depends critically on how quickly it can adapt itself to the new market environment in terms of information, market linkages, and innovations.

He mentioned that a foreign bank with only three or four branches in Dhaka and Chittagong makes about Tk 125 crore profit a year. But big banks having around 1500 branches are failing to make profits. "The government has to take a decision about these big banks."

Mentioning the latest position of a problem bank, he said the situation is so grave that it would take 80 years to get it out of its fallen state depending on the present loan recovery rate.

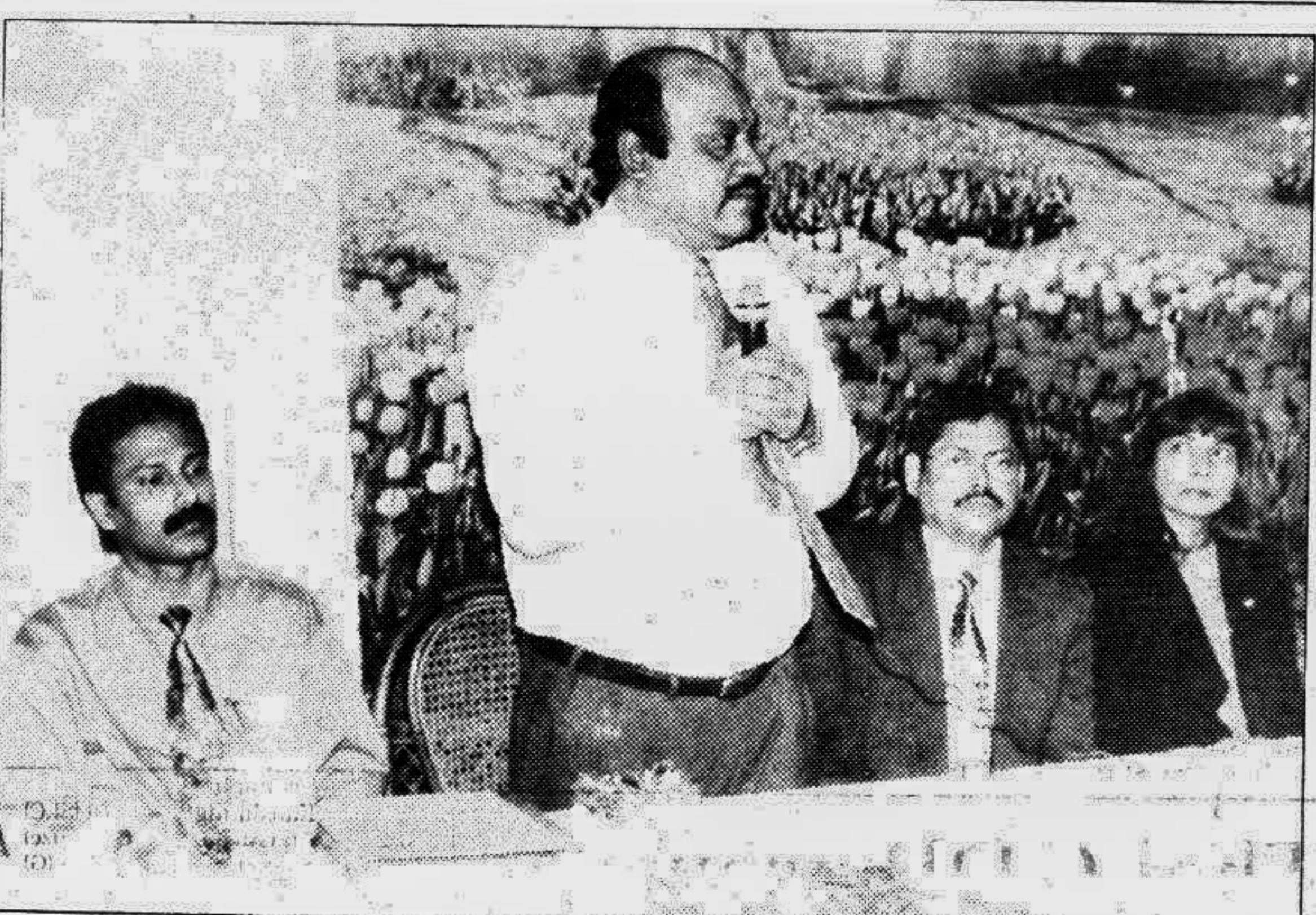
If a bank does not run well, it should be closed down or merged, he said.

Dr Zaid Bakht, Research Director of BIDS, talking on glob-

alisation and its impact on Bangladesh, said the degree of success depends critically on how quickly it can adapt itself to the new market environment in terms of information, market linkages, and innovations.

The pattern of world trade will be increasingly dictated not by comparative advantage based on factor endowments and cheap labour but by competitive advantage determined by quality, speed of delivery and presentation, he added.

The essential ingredients of competitive advantage will be technological innovations, training for systematic updating of human resources, management techniques compatible with the global economy, flexibility to adapt to the ever-changing world marketplace and creativity, Bakht said.



KM Ali, Consumer Electronics Manager of Transcom Electronics, speaks at the inauguration ceremony of the ten-day Transcom workshop on Whirlpool product servicing in the city

— Star photo

BSB launches comprehensive drive to revamp itself

1996. Bangladesh Shilpa Bank launched a comprehensive drive to revamp the industrial financing institution burdened with default loans while suffering from fund shortage, reports BSS.

The bailout includes vigorous effort to recover arrears, creating a deposit base of its own, funding ventures with good prospect and quickening disposal of loan cases.

"We've drafted an action plan. We're now trying to attune our whole team to the new drive for revival," said a top official of the bank that lent roughly Tk 1900 crore, 70 per cent of which is classified.

Many of the 265 unsettled loan cases have exceeded 10 years in lengthy legal proceedings due to lack of active attention of the bank officials and lawyers. The bank management has taken steps to expedite the legal process to settle the cases, he said.

As part of the cash-strapped bank's plan to develop a Tk 100 crore stable deposit base, all of its over 900 members of the staff have been asked to woo general depositors. In the last three months, a sum of Tk 3 crore has been deposited with the BSB.

"We need to have a stable deposit base to meet short-term crisis," the official said. With the money, the bank will finance 198 projects sorted out in

neers, 65 economists, 11 lawyers and 13 MBAs "rusty," he described.

It also took steps to rationalise manpower and adopted sound transfer policy and promotion criteria.

"We're also documenting success stories of the bank to stimulate its manpower," the official said reminiscing the bank's track record of giving solid footing to some 2000 successful projects that included big commercial houses like Islam, Bengal, Apex and Monno.

Identifying the reason for the BSB's sluggish performance, the bank management said compelling policy of the previous governments made the bank's finance projects which turned non-viable in the long run and the bank had to shoulder the default loans.

"The government asked us to waive the loan interests of those industries that turned sick, but it took back the money it lent us with full interests," said another official.

The bank has embarked upon strict austerity to reduce the administrative and maintenance costs, the official said, citing steps like restricting casual requisition of bank vehicles by officials and rejecting an offer to buy an expensive deluxe car for the managing director.

Besides, drastic liberalisation of trade, devaluation of taka, tariff anomalies and crisis in share market are among the factors that hit industries mounting the bank's unpaid loans.

Writ against verdicts further lingers the legal hassles, leaving several hundred loan cases unsettled for years.

Thrust given on better infrastructure

Holzman for enabling environment to lure more US investment

including port, power and traffic services.

Holzman was speaking at the inauguration of the project named Economic Reform and Research Advocacy (ERRA) jointly taken up by the DCCI and centre for International Private Enterprises (CIPE).

The US Chamber of Commerce, Washington, DC has been supporting the one-year project mainly focusing on the creation of a productive dialogue between the government and business community on economic policy issues through its affiliate CIPE.

Addressing a project launching ceremony as the chief guest at Dhaka Chamber of Commerce and Industry (DCCI), he said despite arduous efforts, the mission had found the US entrepreneurs unwilling to invest more in Bangladesh due to lack of investment-friendly environment.

He said besides the friendly atmosphere, the investors want better infrastructure facilities

to project the theme to be distributed to the business community, policy-makers and relevant quarters for their implementation.

Ambassador Holzman requested the DCCI authorities to approach the relevant parliamentary committees to help implement the project findings.

Earlier, DCCI President M H Rahman highlighted the project objectives and thanked the US Chamber for helping the country's private sector. He sought more American investment for the country's industrial growth.

Rahman expressed the hope that some US companies may

locate their labour-intensive industries like textile, software, light engineering, packaging, agro-processing and semi-conductor industries to Bangladesh.

The private sector, despite sincere and hard work, could not make much headway as there is a wide gap between policy formulation and implementation, he observed.

President of International Chamber of Commerce (ICC), Bangladesh, Mahbubur Rahman, Coordinating Director of ERRA project A M Mubash-Sher and DCCI Senior Vice President Sajat Juma spoke on the occasion.

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2 more train services go private today

Retaining lucrative inter-city trains under government management, Bangladesh Railway is handing over the loss-incurring express mails to private firms for commercial operations, says UNB.

For the inter-city trains, the cream of the railway, private management is being allowed only for on-board services, according to officials at the Communications Ministry and Bangladesh Railway.

But they won't term the commercial operations or on-board services by private management as their overall performance is satisfactory.

The private management has been able to solve many problems," the official told the news agency.

This is not privatisation.

This is what we call association of private management with the state-run Bangladesh Railway," said a senior official in the railway headquarters.

The railway is going to hand over two more express trains of its western zone to private operators today (Tuesday).

The trains are Khuina-Parbatipur Rocket and Parbatipur-Chilaihatal mail.

Earlier several trains, including Dhaka-Mymensingh, Balaka, Dhaka-Jamalpur Commuter, Khulna-Goualanda, Nakshikantha and Shantahar-Lalmorhata Padmarag mails

were given over to private management.

As the lessees failed to run Dhaka-Chittagong Karnaphuli, a fresh tender had been floated. Tender has also been called for Dhaka-Sylhet Surma to allow private management for commercial operations.

The railway will give more mail express trains to private management as their overall performance is satisfactory.

The private management has been able to solve many problems," the official told the news agency.

In this regard, he cited railway's very nominal income from the mail trains as passengers used to travel without tickets.

The private management has been able to check ticketless travelling. In addition, they were also able to check vandalism by *bastans* on various points.

Thus, he said, the private operators are making the non-profitable mail trains profitable. "But we have no plans to allow private management in inter-city trains."

On-board services like catering and attendance were allowed for some inter-city trains.

SEC inducts capital adequacy requirement for brokers

By M Shamsur Rahman

With a view to protecting clients' interests and slapping curbs on abnormal transactions by the securities firms, the Securities and Exchange Commission (SEC) has introduced a risk-based capital adequacy requirement for brokers.

In a recently-held board meeting, the SEC approved the new rule requiring a broker to deposit a minimum amount of Tk 1 lakh with the stock exchanges as security money. This would allow the clients of the brokerage houses to get back a portion of their money deposited with the broker in case the broker goes bankrupt.

The new rule also limits the volume of deals a broker can make. It's won't be allowed to make transactions 20 times the next month, the official said.

In case a dealer fails to maintain the needed fund or exceeds the permissible transaction limit, the bourses will suspend his trading till he again meets the requirements.

The risk-based capital adequacy requirement is also a

prerequisite for the second tranche of the Asian Development Bank's (ADB) US\$ 80 million loan for capital market development.

The DSE Council had initially suggested to limit transactions to as high as 40 times of the fund deposited with the exchanges by brokers.

Officials said that SEC had brought down the transaction risks to 20 times, considering the current practices in the neighbouring as well as in the developed countries.

In Brazil, Elias admitted that only 60 per cent of the estimated 600,000 small businesses that depend on computers have taken all the necessary steps.

JS body on Post and Telecom meets

A meeting of the Jatiya Sangsad standing committee on Post and Telecommunications was held at the Sangsabha Bhavan in Dhaka yesterday with president of the committee Kamal Majumdar in the chair, reports BSS.

The meeting discussed the progress of different projects being implemented under the ministry.

The meeting was informed that necessary steps were being taken to provide 189,000 telephones and two lakh personal handphones immediately to meet the requirement of the country, a press release said.

Members of the committee of Post and Telephones and Home Minister Mohammad Nasim, Whip Mizanur Rahman Manu, Advocate Fazle Rabbi, Lutfur Rahman Khan (Azad), Barkatullah Bulu, Sharif Khasruzzaman, Md Shahabuddin and Begum Shegutia Yasmin attended the meeting.

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