

## US catalogue show begins at KCCI June 27

A catalogue exhibition of American products and services will be held at the conference hall of Khulna Chamber of Commerce and Industries (KCCI) on June 27, says UNB.

The US Embassy in Dhaka and KCCI will jointly organise the exhibition where products, services and videos from over 90 companies in 26 sectors will be featured, said a USIS press release.

The products include air-conditioning, refrigeration, building and construction materials, computer and peripherals, electrical power generation, franchising, medical equipment and supplies and telecommunications.

Commercial staff of the US embassy will answer queries about the participating companies and assist in import of any of the products.

## Citibank opens its 2nd branch in Chittagong

Citibank, NA Bangladesh has opened its second branch at Agrabad in Chittagong.

The branch will provide a full range of commercial banking services to corporate clients and financial institutions in the commercially-important port city, says a press release.

The branch was inaugurated by David E. Rees, CEO, Bangladesh. Other officials of the bank were present on the occasion.

Speaking on the occasion, Rees expressed his gratitude to the regulators and Citibank's present and future customers. He said, "Citibank, NA is growing in Bangladesh. We have built our management team around several senior Bangladeshi bankers who understand the market and needs of our present and future customers. Coupled with Citibank's global capabilities, we aim to deliver world-class banking services to our clients."

Rees said Chittagong is a commercially-important centre and the decision to open the second branch in this city reflects the bank's confidence and successful business experience in Bangladesh. The bank can now expand its services in the port city.

A reception was held at Hotel Agrabad in the evening which was attended by prominent members of the business community in Chittagong.

Citibank, NA's association with Bangladesh started in 1987 with the opening of a representative office, which was converted into a licensed scheduled branch in June, 1995. Since then, the bank has grown its customer base, which comprises important local and multinational corporations, financial institutions and government agencies.

Citibank, NA Bangladesh offers a full-range of commercial banking products and services to its customers, which includes local and international trade services, domestic and international cash management services and treasury products.

## New Chairman of Dhaka Bank



A T M Hayatuzzaman Khan, Vice Chairman of Dhaka Bank Limited, has been elected Chairman of the bank at its 57th board meeting held on Wednesday, says a press release.

Khan is a renowned businessman and has vast experience in the field of electronic trading and export-import business.

## New director



According to another press release, Md Fazlur Rahman has been elected Director of Dhaka Bank Limited at the 5th annual general meeting of the bank held on the same day.

Rahman was sponsor director of Rahman Textile Mills Ltd and director of erstwhile East Pakistan Co-operative Insurance Society Ltd.

He did his Masters in Economics at the University of Dhaka.

# BB advises private banks to examine rate cut possibility

MDs say higher rates don't impede industrialisation

Bangladesh Bank yesterday advised the private commercial banks to examine the possibility of lowering interest rates in line with the nationalised commercial banks (NCBs), reports UNB.

Earlier this month, NCBs decided to bring down the interest rates to 10 per cent on an average from around 14 per cent for some selected high-priority trust sectors.

The central bank's suggestion came at a meeting of the managing directors of commercial banks, which was chaired by Khondaker Ibrahim Khaled, Deputy Governor of Bangladesh Bank.

The central bank official noted with satisfaction that the

situation of classified loans has marked an improvement. "But it is not yet pleasant," he said.

The percentage of classified loans has declined to a great extent as far as loans sanctioned by the commercial banks in recent years are concerned, the central bank noted.

It attributed the improvement to the tight monitoring of the central bank that put the new generation banks into a better state.

The deputy governor of the central bank advised the managing directors to constantly monitor the top defaulters and ensure regular follow-up of loan cases pending with various courts to further strengthen recovery.

As of December 1999, classified loans in NCBs amounted to Tk 23,879 crore, nearly 41 per cent of the total loans sanctioned. In case of private commercial banks, classified loans stood at Tk 4,525 crore or 27 per cent of their total outstanding loans.

The central bank official urged the private commercial banks to assess their respective positions and examine whether it is possible for them to lower the interest rates and make those competitive.

Private bank MDs acknowledged the pressures from various quarters to lower the interest rates, but did not agree with the contention that higher interest rates impede industrialisation.

They argued that interest rates are much higher in two other countries in the subcontinent but they have better industrial investments.

Interest rate in India is around 18 per cent and in Pakistan 20 per cent while it averages 16 per cent in Bangladesh. Development Financing Institutions (DFIs) lend money at further lower rate and Sonali Bank offers 14.5 to 15 per cent rate, the private bankers argued.

They said like other countries, prime clients, who are regular in repayments, get some special incentives in interest rates in Bangladesh and all banks consider their loan demands sympathetically.

## Weak co scrips won't be traded under netting system anymore

# DSE spotlights 71 companies for trade-for-trade settlement

By M Shamsur Rahman

The Dhaka Stock Exchange (DSE) yesterday decided that shares of 71 companies would be traded separately under a 'trade-for-trade settlement system' from July 1.

The decision was made in an emergency board meeting of the bourse, which says that scrips of companies with weak track-records will no longer be traded under the netting system, a facility being enjoyed by investors all these years.

In yesterday's meeting, DSE came to the decision that trading of those listed companies which have failed to hold their annual general meetings (AGMs) since 1999 or could not declare dividends in the last four consecutive years, will be settled through the new 'trade-for-trade settlement system'.

Of the 240 listed issues with DSE, the bourse found 71 companies which either did not hold AGMs since last year or failed to announce dividends for the last four years.

Under the new trading system, a buyer will not be allowed to trade on a 'day netting' basis. He will rather have to deposit the full amount of money with the broker before purchasing shares. In case of selling such scrips, the buyer will have to deposit the shares first, SEC officials said.

The mutual funds will, however, remain out of the purview of this new settlement system.

The 'day netting' system will continue for companies with strong fundamentals. Under this system, shares are bought and sold electronically and

balances are settled by depositing the scrips and money at the end of the day.

The DSE decision was in line with the move of the Securities and Exchange Commission (SEC), the capital market regulator, which on June 16 issued orders to both the bourses asking them to adopt the new system from July 1, 2000.

SEC officials said that the move came as many stock brokers and investors were found to be involved in huge 'day netting' of weak company shares, which gave a wrong impression about the country's capital market.

"The trade is confined mostly to certain company shares with weak fundamentals. These companies neither hold AGMs, nor do they pay

their dividends regularly. They have small capital base with low face value of their shares," one SEC official said, adding that companies with good fundamentals were worried about such trading.

Another official of the Commission said that the matter was discussed with both the stock exchanges on several occasions, and they were requested to take appropriate measures by categorising the companies into three groups, depending on their track-records and trading them separately.

The exchanges were also advised to change the netting trade settlement system for the companies which do not hold AGMs and declare dividends on a regular basis," he said.



The officials of Citibank, NA Bangladesh pose in front of the newly-opened second branch of the bank at Agrabad in Chittagong recently. — Citibank photo

## Jute cultivation target may not be achieved in SW region

JESSORE, June 24: Jute cultivation target may not be achieved in 10 districts of the southwestern region this season due to scarcity of quality seeds coupled with high price of fertiliser, says UNB.

The target of jute cultivation for the region was fixed at 1.13 lakh hectares of land in the current season, but jute was cultivated on less than one lakh hectares, sources concerned said.

# Fish exporters seek urgent shipping arrangement

Frozen food exporters of Khulna region yesterday appealed for container vessels for shipping their exportable shrimp stranded at Mongla Port for a couple of weeks, reports UNB.

They sought quick intervention from the Prime Minister, Commerce Minister and State Minister for Shipping in arranging at least three ships to carry 150 containers of shrimp worth Tk 200 crore.

In a joint statement, fifty frozen food exporters of the re-

gion said their LCs would be cancelled if they could not make shipment of the stranded shrimp by June 30.

They urged the government to save them from huge losses and help continue their exports to the USA, Japan and European countries by the deadline.

They are troubles for the 15 days as container ships did not arrive from Chittagong at Mongla Port through which 80 per cent shrimp are exported, the exporters said.

## ANZ Grindlays opens ATM in Old Dhaka

ANZ Grindlays Bank inaugurated its ninth automated teller machine (ATM) at Johnson Road in Old Dhaka last Friday, says a press release of the bank.

The ATM was formally inaugurated by Arun Nangia, Regional General Manager, Middle East and South Asia, ANZ Grindlays Bank, and other senior officials of the bank were also present on the occasion.

For the convenience of its customers and to provide superior services, ANZ Grindlays intends to install a few more ATMs very soon. Eight other ATMs of the bank are located at Dhanmondi, Gulshan, Kakrail, Sheraton Hotel, Dilkusha, Shyamoli and Uttara in Dhaka and at Nasirabad, Chittagong.

It may be mentioned here that apart from ANZ Access Cards, all the ATMs of ANZ Grindlays Bank in Bangladesh also accept Cirrus Cards and both local and international MasterCard and VISA Credit Cards.

## Three Japanese bank to offer online financial, retail services

TOKYO, June 24: Three Japanese banks expected to form the world's largest financial institution this autumn said Thursday they will link up with 60 leading domestic companies to offer products and services over the Internet, reports AP.

Dai-ichi Kangyo Bank Ltd., Fuji Bank Ltd. and the Industrial Bank of Japan Ltd. — whose holding company will be called the Mizuho Financial Group — said they will set up a company in July to enable customers to shop online and pay for goods directly from their bank accounts.

# Tax-dodging insurance companies to face tough action

Jalil says at formal launching of Golden Life Ins

Star Business Report

Commerce Minister Mohammad Abdul Jalil yesterday warned that stern action would be taken against those insurance companies which avert tax and Value Added Tax (VAT).

Speaking at the formal launching ceremony of Golden Life Insurance Limited, one of the eleven life insurance companies which won government approvals last year to join the insurance business fray, the minister said that some of the insurance companies were not paying taxes to the government.

He said that many insurance companies in Bangladesh were not paying taxes. The government's timely steps have restored discipline in the sector.

Reminding the tax-dodging companies of the consequences, the minister said, "If tax or VAT is not paid within the given time, then the companies at fault will lose their licences."

Jalil, however, encouraged the honest players in the insurance sector saying that the government would extend all-out

support to companies which pay their taxes in due time.

Speaking as special guest at the ceremony held at a city hotel, Controller of Insurance Syed Tanvir Hossain said that many companies were taking premiums without giving insurance policies to their clients. He also observed that some of the life insurance companies were running their management inefficiently.

Speaking on the occasion, Syed Munsif Ali, Chairman of Golden Life Insurance Ltd., said

his company is upbeat about successfully facing the challenges of the new millennium and expanding its business in the country.

He observed that insurance is no more a future safety measure, it rather offers policyholders the opportunity to go for savings.

With an authorised capital of Tk 50 crore, the company started its activities three-and-a-half months back, the chairman added.

## Commodity: Weekly Roundup

# Oil bounces back on modest OPEC supply increase

LONDON, June 24: Crude oil prices surged above 30 dollars in London and rose above 32 dollars in New York as the market reacted to the dismissal by OPEC of a price-setting mechanism and to a promise of a modest production increase, says AFP.

In London, the price of benchmark Brent crude for August delivery rose to 30.41 dollars a barrel (for August delivery) from 28.73 dollars.

In New York, light sweet crude for August delivery rose to 32.19 dollars a barrel from 31.82 dollars a barrel.

Prices touched 32 dollars in London and 33 dollars in New York midweek.

The price rise was a reflection of market belief that the plea by OPEC to increase production by 708,000 barrels per

day from July 1 was insufficient to soothe overheating world oil markets.

Dealers were also dismayed by OPEC's decision not to abide by a recently-set mechanism designed to moderate prices.

OPEC agreed in March to release an extra 500,000 barrels of oil on to the market every day if prices remained above 28 dollars a barrel for a 20-day stretch.

Prices have consistently held above that level in recent weeks, but OPEC has not increased production as promised.

OPEC Secretary General Riluwan Lukman on Wednesday dismissed the price mechanism as "irrelevant."

His comments came as the cartel pledged for the second time this year to increase out-

put.

OPEC ministers agreed to increase production by 708,000 barrels per day from July 1. Analysts said that this was a relatively small production increase and noted that it fell short of the one million extra barrels that the world's leading oil consumer, the United States, had hoped for.

Analysts predicted that OPEC would agree to another modest increase in output after its next meeting, scheduled for September 10 in Vienna.

**Rubber:** Bounce. Rubber prices rose slightly amid thin trading volumes.

In Kuala Lumpur, the RSS1 index rose to 2.68 ringgit per kilo from 2.66 ringgit. The SMR20 index held at 2.30 ringgit.

The London rubber index

rose by 10 pounds to 517.5 pounds per tonne.

**Cocoa:** Hot. Cocoa prices rose back from recent losses as dealers feared for the political stability of Cote d'Ivoire, the world's leading producer, and in Indonesia, another important producer country that has been racked by interethnic violence.

In London, September contracts rose to 659 pounds a tonne from 656 pounds.

Dealers were keenly awaiting news of the forthcoming harvest in west Africa.

**Coffee:** Blend. Coffee prices remained under pressure, close to eight-year lows, in spite of frost in some regions of Brazil.

In London, Robusta prices rose by four dollars to 907 dollars a tonne.

In contrast in New York, Arabica (for September deliv-

ery) fell to 89.50 cents a pound from 91.35 cents.

Although some frosts were reported in southern Brazil, market-watchers said that there had been little damage caused to plantations there.

**Sugar:** Slip. Sugar prices slipped slightly from their recent summits on technical factors.

In London, October contracts fell to 234.5 dollars a tonne from 235.2 dollars last week.

In New York, white sugar for October delivery slipped to 8.50 cents a pound from 8.52 cents a week ago.

**Vegetable oils:** Cool. US soy prices continued to fall as forecasters predicted heavy rainfall in growing regions of the US Midwest.

On the Chicago Board of Trade (CBOT), a bushel of soy

for July slipped to 5.01 dollars from 5.10 dollars at the end of last week.

**Grains:** Spilt. Rainfall in the United States spurred US wheat prices higher, but dampened maize prices.

On the Chicago market a bushel of wheat (27.2 kg, for July delivery) rose to 277.50 cents from 266.50 cents.

In contrast, a bushel of maize (25.4 kg, for July) fell to 202.75 cents from 219 cents.

**Cotton:** Light. Cotton prices continued to fall amid light demand.

July contracts on the New York market fell to 55.01 cents a pound from 58.19 cents.

Cash prices covered by the Cotton Outlook index fell to 59.35 cents a pound from 60 cents.

## Islami Insurance to set up 12 more branches

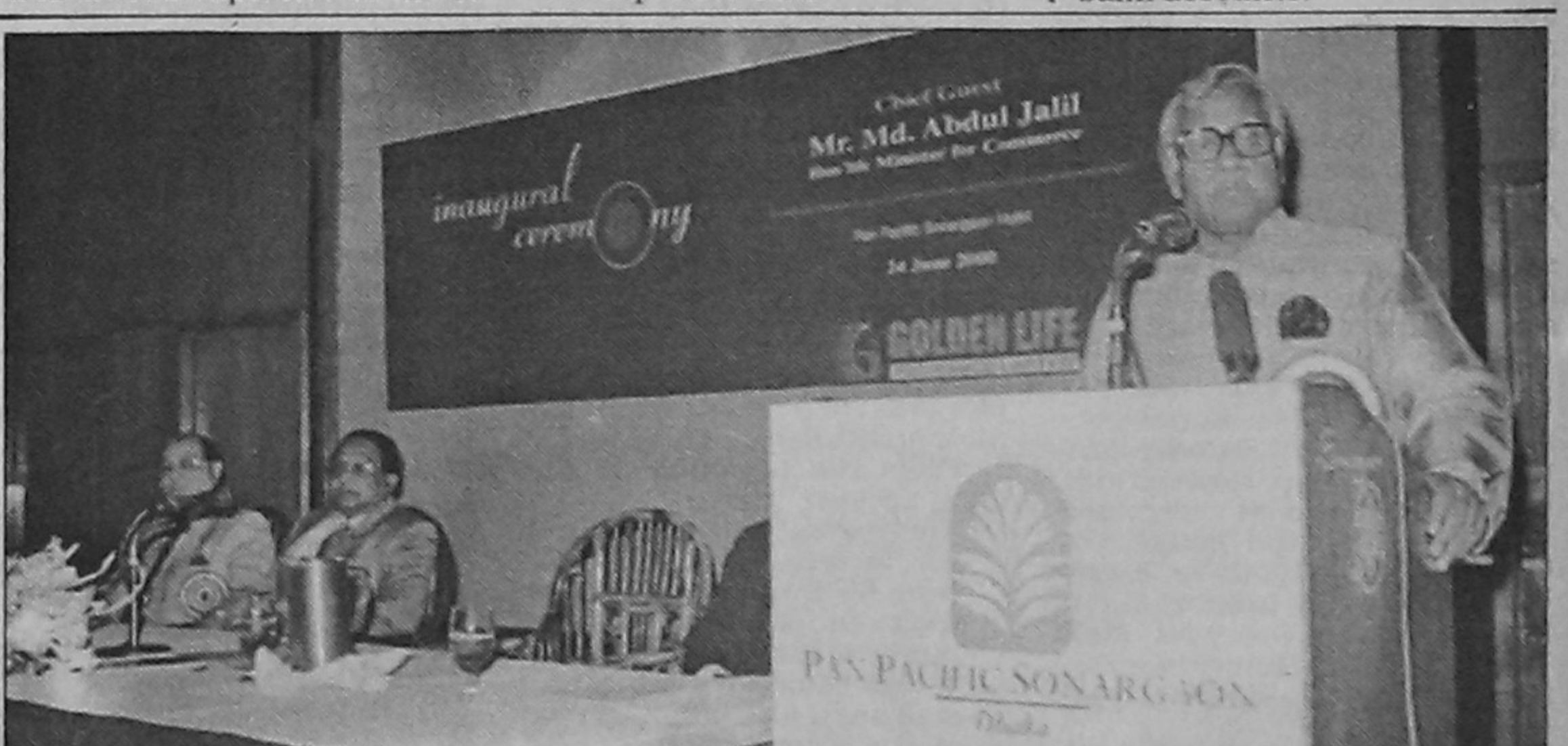
Star Business Report

Islami Insurance Bangladesh Limited plans to set up 12 more branches in the country. This was revealed at a conference of the branch managers of the company held at its head office in the city on Thursday, says a press release.

Managing Director of the company, A B M Nurul Haq, presided over the conference. It was attended by all the branch managers of Dhaka and the adjoining areas.

Under its expansion programme, the company has already established 18 branches.

With the establishment of these branches, the company aims at spreading the message of insurance based on Islamic Shariah to every nook and corner of the country.



Commerce Minister Mohammad Abdul Jalil addresses the formal launching ceremony of Golden Life Insurance Company Limited at Sonargaon Hotel in the city yesterday.