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# Star BUSINESS

DHAKA MONDAY FEBRUARY 26, 2001

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## Would-be BGMEA helmsman plans move to face post-MFA challenges

### Fund arrangement for backward linkage industries top on agenda



STAR BUSINESS REPORT

Kutubuddin Ahmed, who is expected to take over as BGMEA President next month, said that his first and most important task would be to make a plan to face the challenges of the post-MFA era.

"Arranging funds for the backward linkage industries would be

top on our agenda to face the global challenges. The fund must come as soft loans to give a fillip to the highest foreign exchange-earning sector," Kutubuddin Ahmed, the panel leader of Samilito Parishad, which has won the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) elections, told The Daily Star in an exclusive interview yesterday.

He said that a guideline involving the government and all the successful garment entrepreneurs would be prepared to face the challenges of the quota-free world after 2005.

Citing that India in its national budget allocated a Rs 25,000 crore concessional fund for the development of its backward linkage industry, Kutubuddin said, "We also need at least a Tk 2000 crore allocation each year in the national budget for the same. We will try to persuade the government into making the provision."

Apart from backward linkage

industry, Kutubuddin who is also the Chairman of Envoy Group, said quota- and duty-free market access is another important thing they would try to achieve in the shortest possible time. "Already different least-developed and developing countries are making bilateral arrangements with the USA and the European Union which are posing threat to our RMG sector," he said.

Referring to the USA's duty and quota-free market access facility offered to Jordan, he said prices of items under quota have come down to almost half.

Citing an example, he said the price of quota item 347 (trouser) has come down to US\$ 38 from the usual price of US\$ 75 and this has happened because the US buyers are shifting to duty-free markets.

On the back of such developments, Kutubuddin said, "We have to position ourselves in the world apparel market through either unilateral or bilateral agreements with the developed world. In fact,

duty and quota-free access to the North American market is a crying need of the hour."

Asked how he would achieve this, Kutubuddin said, "We have to appoint professional lobbyists to convince the US administration and we also need our administration's active participation in this effort."

On SAARC cumulation rule, he said he would discuss the issue with all the members and chalk out a long-term strategy.

He also said the BGMEA would also take initiatives to set up a bank dedicated to the RMG sector.

Kutubuddin said that he has an obligation to look after the well-being of garment workers who contributed a lot to the development of the industry. "First, we have to set up a dormitory for the workers most of whom are now living in unhygienic slums and I have plans to establish two hospitals for them, a 50-bed hospital in Dhaka and a 10-bed one in Chittagong."

Currently, there are six BGMEA health centres in Dhaka and Chittagong, which can be converted into full-fledged hospitals.

About the workers' dormitory, Kutubuddin said if the government provides them land at concessional price, then funds could be arranged for the dormitory.

He also said they would create a fund in BGMEA so that in case of any accident, especially fire incidents in RMG units, the affected workers would get proper compensation.

"Other than one-time compensation, I want to ensure that if any garment worker gets killed or injured, his or her family would get salary for a limited time."

He also said setting up of a garment village is one of the prime needs of this moment. "We will ask the government to set up four to six separate garment villages on the outskirts of Dhaka with all the infrastructure facilities like EPZs and allocate them to garment owners at nominal prices."



PIMITIVE LOG-KEEPING STYLE: Day labourers at the city's Shyampur area keep track of how many baskets of sand they carried, using plastic tokens. They are paid Tk 0.60 for carrying each basket of sand. At the end of the day, they count the tokens and get payment.

## Green Delta Ins annual confce held

The 15th annual Zonal, Regional and Branch Managers' Conference-2001 of Green Delta Insurance Company Ltd was held on Thursday at the premises of Dhaka Club Ltd, says a press release of the company.

Azam J Chowdhury, Chairman of the company, inaugurated the conference and addressed the meeting as chief guest while Nasir A Choudhury, Managing Director, presided over it.

In his speech, the chairman expressed his satisfaction over the overall performance of the company during the year 2000. Both the chairman and the managing director explained the corporate objectives and advised all concerned to gear up their activities to uphold the image and reputation of the company as a professional institution rendering personalised services to the insuring community with expertise.

To achieve this goal, they emphasised the need for maintaining constant liaison with the clients and advising them on how they could drive to enhance business in the best possible manner.

Later, the chairman distributed prizes among the branch managers and individuals for their satisfactory performance during the year 2000.

## DCCI course on effective business communication begins

A 5-day training course on "Effective Business Communication" began at the DCCI Business Institute (DBI) on Saturday.

Organised by DCCI Business Institute in cooperation with Business Advisory Service (BAS) Project of the Dhaka Chamber of Commerce & Industry (DCCI), the course was opened by DCCI Director Data Magfur, says a press release.

In his speech, the DCCI director underscored the need for transparent communication for business promotion, especially in the overseas market, adding that the businesspeople may not achieve the desired results unless they have good negotiation through effective communication.

He also urged the participants to enhance their skills and knowledge from the course. "In the present competitive world, one does not get what he deserves rather one gets how he negotiates," the Director said.

Among others, the inaugural ceremony was addressed by Md Emdadul Haque, acting Executive Director of DBI, who lauded the role of the institute and the package of services of the Dhaka Chamber of Commerce & Industry (DCCI) for the promotion of private sector. He also informed the participants that DCCI Business Institute (DBI) would introduce Executive MBA within a short time.

Hasanur Rahman Chowdhury, Deputy Secretary (Training), along with Shahzada Basunia, Deputy Secretary (Training), acted as course coordinator and Akbar Hassan, Resource Person of the course, was also present on the occasion.

## Visiting team meets Jalil, Tofail British businessmen keen to invest in Bangladesh

UNB, Dhaka

A high-profile British business delegation showed keen interest in investing in Bangladesh in various sectors like ceramics, transport and information technology.

The visiting British team of North Staffordshire Chamber of Commerce and Industry extended the offer at a meeting with Commerce Minister M Abdul Jalil at his office yesterday.

Comprising representatives from IT, agricultural equipment, ceramics, electrical and water supply equipment, the delegation arrived here Saturday on a five-day visit.

The main purpose of the mission is to allow the UK companies to familiarise themselves with the commercial environment in Bangladesh with particular focus on economic, industrial and business climate.

The commerce minister apprised them of the investment opportunities and facilities offered by the government to foreign investors. "Bangladesh is an attractive destination for foreign investors," he said.

He called upon the British businessmen to invest here under joint venture or in 100 per cent ownership in various sectors, ceramics, transport and tyre industry and infrastructure in particular.

"All sectors excepting five are open for the foreign investors," Jalil told the Britons and advised the delegation members to discuss the matter with local chamber leaders for exploring the opportunities.

The commerce minister assured the touring businessmen of all possible help from the government in identifying the prospective sectors for investment in

Bangladesh. Meanwhile, another report says: Industries Minister Tofail Ahmed has urged British investors to set up agro-based industry in Bangladesh as the country has plenty of raw materials to cash in.

"We have declared information technology and agro-based industry as investment thrust sectors," he told a 12-member British trade delegation that called on him at his office.

Its members informed the minister that recent success of UK Trade Fair in Dhaka encouraged them to visit Bangladesh "with a definite goal of investment."

The British businessmen said they would give a close look to the economic, industrial and business climates in Bangladesh with a view to identifying sectors of investment.

## New president, vice-president of BAPLC



Samson H Chowdhury, President



AKM Rafiqul Islam, Vice President

Samson H Chowdhury has been elected President of the Bangladesh Association of Publicly Listed Companies (BAPLC) at a meeting of the Executive Committee of the Association held at its office in the city on Tuesday, says a press release.

Chowdhury is the Chairman of Square Group of Industries.

The meeting also elected AKM Rafiqul Islam, Managing Director of Pragati Insurance Limited, Vice-president of the association.

The two were elected for the year 2001. The result of the election was confirmed at the second Annual General meeting of the Association.

A large number of representatives of the member-organisations of the Association attended the meeting, presided over by its Chairman Samson H Chowdhury.

While dealing with the 12-page Annual Report which contained various activities of the Association, the president made a special reference to Central Depository Bangladesh Limited (CDBL) saying that CDBL is facing problems to expedite its activities.

The report further maintained that during the Association's financial year (October, 1999 to September, 2000), the capital market situation primarily remained dull due to fall of the share price index. The weakness of the stock market situation was also reflected in the low-level of IPOs and dividends declared by the listed companies.

During the period under review, only 14 companies launched their IPOs and out of the 201 companies holding AGMs, only 126 companies declared dividends.

The president further mentioned that through a cordial discussion of the Association on various issues, the chairman of the Securities and Exchange Commission had issued regulations curbing any payment or making any gift to shareholders other than dividends in the AGMs and restricting discussions to agenda as per Companies Act, 1994.

## Floods, EU ban-hit frozen food units Govt to reimburse money waived as interests

STAR BUSINESS REPORT

The commercial banks, which will waive interests on loans by frozen food exporting factories adversely affected by the 1998 floods and the European Union's import ban will have to apply to the finance ministry for reimbursement.

The banks can waive interests up to 40 per cent for the eligible units, according to a finance ministry decision last year.

The Bangladesh Bank has recently issued a circular as some banks sought the central bank's

opinion regarding implementation of the decisions taken at the meeting chaired by finance minister.

The BB said the commercial banks will submit a demand note to the ministry of finance directly for reimbursement of the money which will be waived.

The bank will also submit a detailed description of loans taken by the companies enjoying interest waiver.

The money will be reimbursed after debiting the earning of the current year.

## BB T-bill auction held

UNB, Dhaka

The 129th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here yesterday.

Tk 2,826 crore, Tk 2 crore, Tk 8 crore, Tk 17.08 crore, Tk 44.50 crore and Tk 25.50 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year bills.

However, Tk 2400.50 crore, Tk 3 crore, Tk 17.08 crore, Tk 41.50 crore and Tk 5.50 crore in total of Tk 2467.58 crore of 28-day, 182-day, 364-day, 2-year and 5-year bills were accepted respectively.

## BOJ urges banks to speed up bad loan write-off

AFP, Tokyo

The Bank of Japan's deputy governor has urged commercial banks to speed up the write-off of their massive bad loans, and hinted at support for them by easing the monetary policy, a daily said Sunday.

"It is necessary to speed up disposing of bad loans," Yutaka Yamaguchi, the central bank's deputy governor, told an interview with the Tokyo Shimbun published Sunday.

But "deflationary pressure will increase if disposal (of bad loans) accelerates," Yamaguchi said, adding the central bank would decide on its monetary policy, "considering this scenario."

Asked if the central bank was ready to return to a zero-rate policy to cut deflationary pressure, Yamaguchi said: "We have several options. We will choose them, depending upon prospects for the economy and prices."

The deputy governor, one of the nine BOJ monetary policy board members, said: "We have sent a message that we are ready

to take flexible action in response to changes in economic situations."

Last week, the government said it would unveil measures by the end of March to prod banks into writing off more bad loans, which have weighed down the fragile economy.

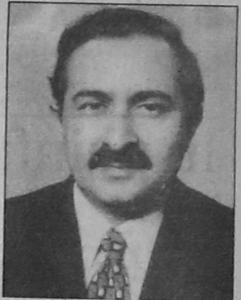
Under the plan, banks would unload bad loans from their books even if it means going into the red.

Japanese banks have written off 68 trillion yen (586 billion dollars) of bad loans since 1992 but they still carried bad loans totalling 32 trillion yen at the end of September, according to the Financial Services Agency.

The central bank is edging towards easing its monetary policy as a trade off for banks speeding up the write-off of their massive bad loans, analysts said.

Among the Bank of Japan's nine policy board members, two are already hinting at easing monetary policy in return for debt write-offs.

## BFFEA elects office-bearers for 2001-'02



Salahuddin Ahmed, President



Quazi Monirul Haq, Secy Gen

UNB, Dhaka

Salahuddin Ahmed and Quazi Monirul Haq have been elected President and Secretary General of Bangladesh Frozen Foods Exporters Association (BFFEA) for 2001-2002.

The election was held during the association's annual general meeting held at its conference room on Saturday with outgoing BFFEA President Kazi Shahnewaz in the chair.

The other elected office-bearers of BFFEA are: M Aminullah and Belayet Hossain (Vice-presidents), Ashim Kumar Barua and S Humayun Kabir (joint secretaries), Kazi Shahnewaz, Maqsoodur Rahman, Mahmudul Hasan, Golam Kibria, M Rezaul Haque, AJM Shahadat Ali Khan, M Towhidur Rahman, A Jabbar Mollah and Shahedul Alam Quadery (members).

## Correction

In a photo caption published on this page yesterday, the name of one of two signatories to an agreement between BGIC and Prime Bank was inadvertently printed as Naser Bukhtiar Ahmed. Deputy Managing Director of Prime Bank Limited. Actually the deal was initiated by Shahidur Rahman Khan, Assistant Vice President of Prime Bank, on behalf of the bank.



VENUE: DHAKA CLUB LTD. DHAKA. DATE: 22nd February, 2001.

Azam J Chowdhury, Chairman of Green Delta Insurance Co. Ltd, addresses the 15th Annual Conference-2001 of the company Thursday. On his right is Nasir A. Choudhury, Managing Director, who presided over the conference. Also seen in the picture are Farid A. Choudhury, Dy. Managing Director, Mominul Haque, Executive Director, and Sultanuddin Chowdhury, Executive Director-Marketing.

## Indian govt faces rocky ride on privatisation

REUTERS, New Delhi

The Indian government has put a toe in the water of privatisation and found it is scalding hot.

The planned sale of Bharat Aluminium Company (BALCO), the first such sale in a new privatisation strategy meant to focus on breathing life into India's state-dominated industry, has run into a hail of protests from opposition politicians.

Now the BJP-led nationalist coalition faces and rough ride in parliament to defend its decision, announced last week, to sell the profit-making aluminium firm to Sterlite Industries STRLBO.

The opposition, led by the Congress party, brought parliamentary proceedings to a standstill last week and have vowed to keep up their disruption this week.

The sale was to have been the first in a new strategy of giving management control of state-run firms to private sector partners to encourage efficiency.

Until recently, the government had seen sales of state assets as a means of raising money to plug gaps in the national budget in a stuttering privatisation programme which has dragged on for a decade.

"It is the view of the prime minister, the finance minister and the government that the divestment process must be delinked from the compulsions to meet the fiscal deficit," Disinvestment Minister Arun Shourie told Reuters last week.

Analyst Prem Shakar Jha agreed. "The initiative is different now. It's not a process to raise money any more but a process to find strategic partners and to turn around the public sector."

Analysts say the government is unlikely even to set a target for privatisation in its annual budget due on Wednesday, underlining its shift in strategy.

But how successful the government will be in pressing ahead

with this new strategy will depend on how well it weathers the storm over the BALCO sale.

Scanting blood over what it sees as a controversial valuation of BALCO, opposition politicians have accused the government of selling off the family silver cheaply.

"It is most outrageous. A valuer has been appointed who says reserves and surplus are extraneous," Congress leader Madhavrao Scindia told parliament last week. "This government is planning to throw away the jewels of the country."

The government says the entire process was completely transparent and it is ready for a parliamentary discussion on the issue, as demanded by the opposition.

But it faces charges of "looting" and its alleged lack of transparency in the whole deal has turned even one of its own allies, the reformist Telegu Desam party, against it.