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Star BUSINESS

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New harvest hits market
Paddy price shows
declining trend
in northern dists

UNB, Daka

As the new harvest hit the market, the price of paddy continues to decline in 16 northern districts dealing a severe blow to farmers.

According to Agriculture Extension Department, some 37.26 lakh MTs of paddy were produced on 12.50 lakh hectares of land in the 16 northern districts this season knocking down its price.

The marginal farmers, who cultivated paddies taking loans from moneylenders, are getting frustrated, as they have to sell paddy below their production cost.

Meanwhile, the farmers have fanned out to complete their crop gathering apprehending that tropical storms might play havoc on their croplands.

Paddy is now selling at Tk 170 to Tk 180 per maund against its production cost of Tk 230-Tk 240.

ICAB holds 4-day workshop on
IAS, ISA

The Institute of Chartered Accountants of Bangladesh (ICAB) recently held a four-day workshop on 'International Accounting Standards (IAS) and International Standards on Auditing (ISA)' for its members under the World Bank financed project entitled 'Development of Accounting and Auditing Standards in Bangladesh', says a press release.

The training components of the project aims at developing and enhancing the technical skill and professional expertise of public accountants and auditors in respect of practical application of the IAS and ISA through workshops, seminars and syndicated discussions.

Manir Uddin Ahmad FCA, Chairman of Securities & Exchange Commission (SEC) was the chief guest on the occasion.

Anwaruddin Chowdhury FCA, President of the ICAB, presented the address of welcome at the workshop.

In his speech, the President emphasised on taking the advantage of this workshop for enhancing the technical skills and professional competence of the members and thereby bring about significant qualitative improvement in the status of the profession.

Abbas Uddin Khan FCA, past President and Chairman of Project Development and Implementation Committee (PDIC), outlined the project objectives which include review of national laws, rules and regulations to develop standard disclosure and compliance checklist for publicly-listed companies.

Premier Bank signs co-op deal with BB

Premier Bank signed a cooperation agreement with the Bangladesh Bank on Tuesday to participate in the 'Equity and Entrepreneurship Fund' to finance the enterprises engaged in software, food processing and agro-based industries, says a press release.

The agreement was signed by Ziaul Hassan Siddiqui, Executive Director of Bangladesh Bank, and Md Abdur Rob, Deputy Managing Director of Premier Bank, in the Boardroom of the Bangladesh Bank.



New chairman of SIBL

Ahmed Akbar Sobhan, Sponsor Director of Social Investment Bank Ltd and renowned industrialist of the country, has been unanimously elected the bank's chairman for the next two years.

He was elected at the 59th emergency meeting of the Board of Directors of the bank held at its head office in the city on Thursday, says a press release.

Ahmed Akbar Sobhan is the Chairman of the Bashundhara Group of Companies.

EEF fails to attract software firms

Businessmen blame hard terms, banks don't find viable cos

SHAHRIAR KARIM

Lukewarm response from the software sector has cast doubts about the utilisation of the Equity and Entrepreneurship Fund (EEF).

The government earmarked Tk 100 crore for equity participation in new projects in software and agro-processing sectors with a view to tap the billion dollar export market. However, the authorities are yet to receive any proposal from software entrepreneurs.

On the other hand, the agro-processing sector entrepreneurs have shown keen interest in the fund according to the Bangladesh Bank sources.

In this circumstances, the Bangladesh Bank (BB) governor by

once told a seminar that the whole EEF might be diverted to the agro-processing sector. However, the BB has still kept the door open for the software sector in view of its future prospect.

The BB, which is managing the fund, initially decided to disburse 50 per cent of the fund to the software sector.

But the software entrepreneurs termed the fund conditions too harsh to comply with.

However, BB sources said that they are ready to relax some of the conditions if the software entrepreneurs come up with better ideas. "However, we can't risk the money just for the sake of utilising the fund" said a high BB official.

"Most of the software companies are very small and run by

young professionals. They just don't have the financial strength to open new companies and can't comply with the fund conditions," said SM Kamal, President of the Bangladesh Association of Software and Information Services (BASIS).

He also said that the authorities were too cautious while framing the terms and conditions of the EEF in view of defaulting bank loan culture. "But the traditional approach won't attract investment in this sector," Kamal said, adding that running capital on easy terms would have helped the software industry.

Others in this sector mentioned the practice of asset valuation is also a major hurdle in getting the facility. The software

companies have major investment in human resources which the authorities are not interested to take into account as investment.

"The banks are only interested in tangible assets that won't make most of the software firms eligible for the fund," said an owner of a small software firm preferring anonymity.

However, banking sources said there is a dearth of good programmers which has made the fund utilisation difficult.

Meantime, the government has initiated a process to develop international standard programmers through different private as well as public IT institutes. The government has also earmarked Tk 15 crore in the current financial year for this purpose.



Mohammed Lakotullah, Managing Director of EXIM Bank Ltd, and Sayyed Hussain Jamal, Managing Director of Uttara Finance & Investments Limited, sign a credit facility agreement on behalf of their respective organisations in presence of Alamgir Kabir, FCA, advisor of EXIM Bank, Wednesday.

PHOTO: EXIM Bank

Mandatory SEC clearance for PLCs to deter investment, say businessmen

STAR BUSINESS REPORT

The new Securities and Exchange Commission (SEC) move, making it compulsory for entrepreneurs to take prior consent from it for launching a public limited with Tk one crore and above capital may deter ordinary entrepreneurs to invest more and will create unnecessary hassle.

According to the business community, the SEC order will also deter foreign investors to infuse capital into Bangladesh, encouraging capital flight to competing countries.

A company applying to become a Public Limited Company (PLC) will also require to pay Tk 5,000 non-refundable fee and another 0.1 per cent charge on the amount of its total capital after it gets SEC approval.

The new measure would compel PLCs, whether listed with the stock exchanges or not, to approach the SEC for permission to raise capital even when the money is paid out of their own pockets, they said.

"SEC, already burdened with its existing job, may not be capable of handling extra loads, which is supposed to be enormous in nature. This will also increase the scope of corruption at the SEC," said a businessman.

This will cause duplication of activities for companies and increase cost of investment by the entrepreneurs, he said, adding that Bangladesh is now in a dire need for capital, while the step will discourage capital formation. This will eventually thwart industrialisation endeavour by the present government.

SEC's argument that the step will help tackle public companies

to secure funds through IPOs at a later stage can well be dispelled by the fact that there is already the Public Issue Rules enacted by the SEC to combat any such situation, he stated.

"The unilateral step, forcing PLCs to seek prior approval from the SEC, has been taken without discussing the matter with any trade body," he said.

The step goes against the spirit of the present globalisation spree that suggests greater freedom in investment mobilisation, he observed.



Md Ziaul Hassan Siddiqui, Executive Director of Bangladesh Bank (left), and Md Abdur Rob, Deputy Managing Director, Premier Bank (right), exchange the deed of cooperation agreement for 'Equity and Entrepreneurship Fund' in the boardroom of the Bangladesh Bank on Tuesday.

EXIM Bank signs credit facility deal with Uttara Finance

The Export Import Bank of Bangladesh Limited has sanctioned a credit facility to Uttara Finance & Investments Limited.

An agreement in this regard was signed at the chamber of the Managing Director of EXIM Bank Ltd Wednesday, says a press release.

Mohammed Lakotullah, Managing Director of EXIM Bank Ltd, and Sayyed Hussain Jamal, Managing Director of Uttara Finance & Investments Limited, signed the agreement on behalf of their respective organisations in presence of Alamgir Kabir, FCA, advisor of the bank.

Iftekhar Ali Khan, SEVP, Md Fazlur Rahman, VP, and Mohammad Ismail, SAVP of EXIM Bank, and Santanu Saha, Company Secretary of Uttara Finance & Investments Limited, were also present on the occasion.

The credit line will be utilised in lease financing of capital machinery for various industrial projects.

Lankans showing keen interest in trade with Bangladesh

BSS, Dhaka

Sri Lankan investors and businessmen are showing greater interest to strengthen trade and investment links with Bangladesh.

Sri Lankan High Commissioner to Bangladesh B H Neville Piyabogawa told this to Industries Minister Tofail Ahmed when the envoy called on the minister at his office here on Wednesday.

Many Sri Lankan investors are making inquiries about the opportunities and avenues existing in Bangladesh to raise the volume of bilateral trade, he said, adding that Colombo was also pursuing the private sector approach to add a fillip to trade and investment.

More than one trade delegation of Sri Lanka visited Bangladesh recently to explore the possibilities, he added.

Ahmed lamented that despite all efforts from both sides, the volume of trade did not pick up. He said a window of opportunities existed to set up joint ventures in both countries.

Ahmed said that as the members of the SAARC, both the nations should do more to add zest to trade and investment links.

"As the LDCs, four nations of the SAARC grouping expect more from three developing countries," he added. Sri Lanka along with India and Pakistan were the developing countries among SAARC countries and the rest were Least Developed Countries.

Baghdad urges neighbours to reject 'smart' ban UK, US move towards easing Iraq sanctions

REUTERS, United Nations

Britain, with US backing, yesterday proposed ending embargoes on all civilian goods to Iraq but tightening bans on weapons-related materials while maintaining controls on Iraq's oil revenues.

A British-drafted resolution, to be circulated next week to the 15-member Security Council, is the first concrete evidence of new US policies towards Iraq disclosed earlier by the administration of US President George W Bush.

The neighbouring countries will be the biggest losers if they help Washington carry out its plans, the paper said, warning that "Iraq is not what it was in 1991" in the aftermath of defeat in the Gulf War.

Washington last week distributed a list of "ideas" to key Security Council powers and diplomats said it had been working with Britain on the resolution.

The draft resolution, expected to be put to a vote by the end of the month, however, keeps financial controls on Iraq's oil revenues in a UN escrow fund out of which suppliers for goods going to Baghdad are paid. Contracts for goods will still go through the UN machinery, albeit at a faster pace.

"You are basically saying to the Iraqis: go ahead and run your economy, but you have no control over your finances," said Raad Alkadiri of the Petroleum Finance Co. in Washington.

But British official told reporters on condition of anonymity: "In essence we are ending sanctions on ordinary imports to Iraq but replacing them with a tightly focused set of controls on military and 'dual use' goods."

"Iraq will be free to meet all of

its legitimate civilian needs from food to car parts," he said.

Meanwhile an AFP report from Baghdad says Iraq urged its neighbours Thursday to reject the regime of "smart" sanctions proposed by Washington and London, warning that they stood to lose billions of dollars in trade.

"Neighboring countries, Arab and Islamic, are invited to reject in its entirety the plan for smart sanctions," said the ruling Bath Party's Ath-Thawra newspaper.

The neighbouring countries will be the biggest losers if they help Washington carry out its plans, the paper said, warning that "Iraq is not what it was in 1991" in the aftermath of defeat in the Gulf War.

Ath-Thawra said the US proposals backed by Britain amounted to a "dirty plot" and "a stupid diplomatic alternative" to the sanctions regime in force since Iraq invaded Kuwait in August 1990.

For the neighbours, the new regime would cost "billions of dollars" in lost trade with Iraq, it said.

Another official daily, Al-Qadiya said Iraq was "determined to break the embargo and reject the game of smart sanctions or any other resolution that the United States manages to have adopted."

At the United Nations, a British diplomat said Wednesday London had circulated proposals to other Security Council members to end the embargo on trade with Iraq for all non-military goods.

The aim was to "return to the core objective" of preventing Iraqi rearmament after its defeat in the

1991 conflict over Kuwait, while depriving Baghdad of the opportunity to blame sanctions for the suffering of its people, he said.

Iraqi Deputy Prime Minister Tareq Aziz has warned that Baghdad will halt oil exports to Jordan and Turkey if they support a US campaign to fine-tune the embargo with smart sanctions.

The US proposals also seek to put a halt to Iraq's oil trade outside the confines of a UN oil-for-food programme, such as with Jordan, Turkey and Syria, according to diplomats in New York.

Under the programme, Iraq is authorised to export crude, with the revenues deposited in a UN escrow account to finance imports of humanitarian supplies and essential goods.

Washington has launched the campaign to ease curbs on civilian products and tighten those on military equipment and technology in the face of waning support for the embargo and cracks in the decade-old regime.

Enforcement of the new system would depend on cooperation from Iraq's neighbours.

But the real objective is "to dodge international criticism of the United States and to sway away from responsibility for the extermination of the Iraqi people, while still committing this crime through surreptitious means," charged Ath-Thawra.

Iraq, insisting on a total lifting of sanctions, says almost 1.5 million of its citizens have died because of the embargo and that the oil-for-food programme does not meet even the most basic needs of its 22-million population.

Oil eases as US stocks surge

REUTERS, London

Oil prices eased Wednesday after new data showed US fuel stocks rising.

London Brent blend futures for July narrowed early losses, closing four cents down at \$28.43 a barrel and US light crude shed 12 cents to \$28.86 a barrel.

Figures from the American Petroleum Institute (API) showing gasoline stocks are in a year-on-year surplus for the first time in two months dampened concerns of a summer supply crunch in the United States when the summer holiday driving season gets under way.

The API reported gasoline stocks rising 2.39 million barrels to

just over 203 million barrels in the week to May 11, giving a surplus of 1.93 million barrels versus year-ago levels.

"We expect strong domestic gasoline production and surging imports to ease US gasoline's tightness and bring crude with it, especially if OPEC leaves quotas unchanged at its June 5 meeting," said analyst Adam Sieminski of Deutsche Banc Alex Brown in a report.

OPEC Secretary-General Ali Rodriguez on Wednesday repeated his view that the cartel would probably keep its output unchanged at its June meeting in Vienna.

But the worry over gasoline was not entirely over. Sieminski added.



The certificate-awarding ceremony of a 3-week training course on 'Foreign Exchange and International Trade' was held at Sonali Bank Staff College in the city yesterday. Picture shows Sirajuddin Ahmed Chowdhury, Managing Director of Sonali Bank and chief guest of the ceremony, addressing the trainees. Samsuddin Ahmed, Principal (Deputy General Manager), Staff College and president of the ceremony, is also seen.

AFP, Washington

A fifth cut in interest rates in as many months by the US Federal Reserve failed to inspire global investors Wednesday, worried by the central bank's downbeat warning on US economic weakness.

Asian shares ended lower while European shares fell back in early trading a day after Fed policymakers shaved another half a point from their benchmark funds rate, which now stands at a seven-year low of four per cent.

The rate, a target used by commercial banks making overnight loans among themselves, affects the cost of short-term credit throughout the economy, although usually with a lag of six to nine months.