Star
BUSINESS
DHAKA MONDAY DECEMBER 31, 2001

Matiur Rahman new DCCI President

UNB, *Dhaka*

Leading businessman Matiur Rahman has been elected president of the Dhaka Chamber of Commerce and Industry (DCCI) for the year 2002.

He was elected unanimously at the 40th annual general meeting of the Chamber held here yesterday.

Shabbir Ahmed Khan and Hossain Khaled were elected senior vice president and vice president respectively.

Earlier, an election was held on December 23 to fill up the retired one-third seats of the DCCI Board of Directors.

The Eight newly elected Board members include Fazle RM Hasan, Ahmed Hossain Mojumder, Zillur Rahman, KA Rabbani, Zafar Osman, Md Habibullah, Nazir Hossain and ER Khan.

REHAB fair ends on positive note

Companies receive booking for 100 apartments, 200 plots

STAR BUSINESS REPORT

In a dull business scenario real estate developers received good response from buyers in the recently concluded housing fair organised by the Real Estate and Housing Association of Bangladesh (REHAB).

REHAB, the apex body of the country's real estate developers, organised the three-day fair, first ever by the association, from December 27 to 29 at Sheraton Hotel in the city.

According to the organisers, participating companies received spot booking for nearly 100 apartments and 200 plots worth about Tk 100 crore. Besides, housing finance companies received around 300 applications for loans.

"The fair attracted some 40 to 50 thousand visitors," Engineer Mahmudul Hasan, General Secretary of REHAB, told The Daily Star yesterday.

The visitors showed keen interest in apartments, plots and commercial spaces. For the first time the Eastern Housing Ltd, a giant in the country's real estate business, participated in a housing fair and all the participants were more or less satisfied, the general sectary said.

"The business of real estate companies was dull over the past few months. I think the fair would help the participants to boost their business," said an official of a participating company.

With a view to attracting more buyers, some of the participants offered special discounts at the fair. "Visitors were very much interested about comparatively cheaper apartments while queries for high cost apartment were relatively low," said an official of another company.

The fair has opened a new scope of getting spot orders and as well as feedback from the customers, he said.

The official also said even if a company does not get good response at the fair but will certainly be benefited throughout the year by using customers input.

Forty developers, three financial institutes and six building material manufacturers participated in the fair.

National Housing Finance and Investment Ltd, CEMEX Cement Bangladesh, IDLC and Delta-Brac Housing (DBH) Finance Corporation Limited were the co-organisers.

Stalls of Concord Real Estate & Building Products Ltd, Japan Garden City, Suvastu Development Ltd, Globe Construction Ltd, Sheltech, East West Property Development (Pvt) Ltd, Amin Mohammad Foundation and Eastern Housing Ltd, among others, witnessed a large number of visitors.

PHOTO: PRIME BANK

An agreement on a Tk 28.05cr syndicated term loan facility lead-managed by Prime Bank Ltd for Mir Ceramic Limited was signed at a city hotel Saturday. Amir Khasru Mahmud Chowdhury, Minister for Commerce, was present at signing ceremony which was presided over by Syed Naser Bukhtear Ahmed, Managing Director (Current Charge) of Prime Bank Limited. The function was attended, among others, by Mir Nasir Hossain, Managing Director of Mir Ceramic Limited, Abbas Uddin Ahmed, Managing Director of The City Bank Limited, Md. Mukhlesur Rahman, Managing Director of Dhaka Bank Limited, Mirza Ejaj Ahmed, Managing Director of One Bank Limited, A K M Nozmul Haque, Managing Director of Industrial and Infrastructure Development Finance Company Limited (IIDFC), and Sahazada Syed Nizamuddin Ahmed, Managing Director of Standard Bank Limited.

Atlas Bangladesh declares 125pc dividend

Atlas Bangladesh Ltd has declared a 125 per cent dividend for the year 2000-2001, says a press release.

The dividend was announced at the company's 17th annual general meeting (AGM) was held at Tongi on Thursday, says a press release.

The meeting was presided over by S M Shahjahan, Chairman of Bangladesh Steel & Engineering Corporation and Chairman of the Board of Directors of the company, and attended by the members of the Board of Directors.

General Manager (Head of the Enterprise) Md Fazlul Bari welcomed the shareholders and explained the activities of the company.

At the AGM, the audited accounts of the company for the year 2000-2001 was adopted by the shareholders.

Prime Bank arranges Tk 28cr term loan for Mir Ceramic

An agreement on a Tk 28.05 crore syndicated term loan facility for Mir Ceramic Limited was signed at a city hotel on Saturday, says a press release.

Prime Bank Limited as lead manager arranged the syndicated loan in which The City Bank Limited, Dhaka Bank Limited, One Bank Limited, IIDFC and Standard Bank Limited participated.

Commerce Minister Amir Khosru Mahmud Chowdhury was present at signing ceremony which was presided over by Syed Naser Bukhtear Ahmed, Managing Director (Current Charge) of Prime Bank Limited.

The function was also attended, among others, by Mir Nasir Hossain, Managing Director of Mir Ceramic Limited, Abbas Uddin Ahmed, Managing Director of The City Bank Limited, Md Mukhlesur Rahman, Managing Director of Dhaka Bank Limited, Mirza Ejaj Ahmed, Managing Director of One Bank Limited, A K M Nozmul Haque, Managing Director of Industrial and Infrastructure Development Finance Company Limited (IIDFC), and Sahazada Syed Nizamuddin Ahmed, Managing Director of Standard Bank Limited.

In his speech, Amir Khasru Mahmud Chowdhury, said there are enormous prospects of ceramic tiles manufacturing industry in the country since it is an import substitute industry.

He appreciated Prime Bank's decision for arranging the syndication to finance Mir Ceramic Ltd.

The minister thanked the participating banks and financial Institutions for participating in the syndication.

The Managing Director of Mir Ceramic Limited in his speech said the estimated project is Tk 46.23 crore and debt-equity ratio 70:30. Annual rated production capacity of the project is nine lakh square metres of quality tiles.

The project will generate employment opportunities for approximately 200 people, he said.

Yearly review: 2001

Higher forex demand marks local market

LOCAL FOREX MARKET

The local foreign exchange market in 2001 was characterised by active trading and higher foreign exchange demand.

The inter-bank foreign exchange market did not see any major volatility in currency price movements. USD/BDT was the most traded currency pair to denominate trade related and current account transactions. Alongside dollar-taka, yen and other European currencies were also on the upbeat for import letters of credit (LC) covering capital machinery and raw materials.

During the first five months of 2001, dollar-taka traded in the range of 54.00 54.65 in the inter-bank market, while the prevailing official band was BDT 53.25 54.15 per USD. On May 24, Bangladesh Bank (BB) re-adjusted taka by 5.3 per cent, declaring the new trading band of Tk.56.50 to Tk. 57.50 per USD. The downward adjustment was directed to boost exports and curb imports in undesired segments. Bangladesh Bank widened the dollar-taka band to 1 Taka from 30 paisa. The inter-bank USD/BDT traded in the range of 56.88 to 57.61 after the re-adjustment. Spot dollar-taka hovered more around the ceiling of the 1 taka band, signifying the demand for dollar throughout the year. Bangladesh Bank helped to ease dollar liquidity in the FX market by selling dollar to ADs against registered import LCs as and when necessary.

Increased awareness on foreign exchange risk management was noticed among the corporate customers in 2001. Forward cover contracts gained popularity among corporates since it is the only product available in the local market for hedging foreign exchange risks. Most of the forward covers against import payments were denominated in US dollar, though Euro, yen, CHF and sterling also increased in demand.

LOCAL MONEY MARKET

The local money market was quite active during the year. Demand for BDT for overnight borrowing at call was more or less steady. In the first quarter of the year, call money ranged between 7 and 14 per cent. The second and third quarters also saw similar call money rates. The demand for overnight borrowing at call spiked as high as 19 per cent before the Eid-ul-Fitr, mainly due to heavy deposit withdrawal by customers. Thus, banks having excess funds at this point could engage in opportunistic funding, leading to sharp rise in the call rates during that period.

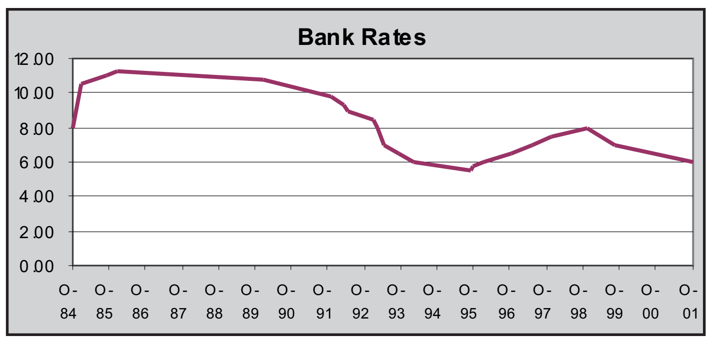
Three months term rate ranged between 7 and 11 per cent for the year. Treasury bill yields, short-term borrowing instrument of the government, declined during the year.

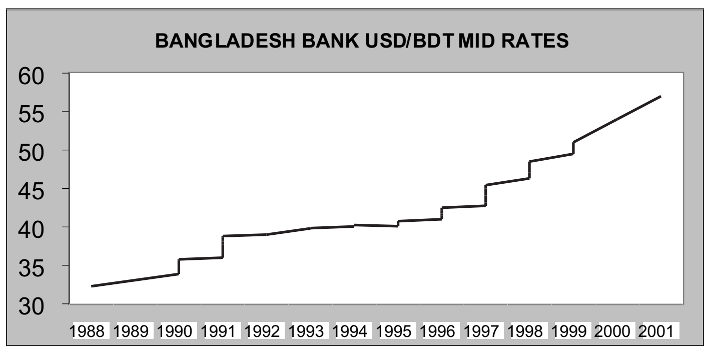
BB slashed its bank rate by 1 per cent, bringing the rate to 6 per cent at the start of the third quarter. Commercial banks followed central bank's step by cutting their interest rates. This move was highly appreciated by the entrepreneurs of the country in anticipation of lower cost of borrowing. Following the bank rate, BB also trimmed its interest rates on various savings certificates. Fund managers welcomed this endeavor as a stepping stone towards developing the country's much-needed debt market.

Apart form these, a growing focus was seen among the banks on balance sheet management. Emphasis on using currency SWAPs for liquidity management was a trend in formation. Though SWAP is yet to assume full momentum in the local market, its ability to reduce the over dependence on call money for Balance Sheet management cannot be over emphasised.

REPO as a liquidity management tool gained enthusiasm among banks and the Central Bank took steps to assess its viability in the local market. Bond market was another frequently raised topic during the year, with many workshops organised by people from home and abroad.

--Standard Chartered Bank





New office bearers of BTTLMEA

Lt. Col M Anisuzzaman (Rtd) has been elected Chairman of Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTTLMEA), says a press release.

MY Gora and Rashed Chowdhury have been elected vice chairmen.

They were elected for the 2002-03 tenure at the 11th annual general meeting of the organisation held at a city hotel on Thursday.

Executive Committee members elected at the AGM included M Nasir, Ehsan Uddin Ahmed, M A Mannan, Eshaque Majumder, Md Abu Taher Chowdhury, Khandaker Badrul Hassan, Abu Nayeem and Md Tahmid Masum.

India-Pakistan tensions shatter regional economic hopes

AFP, *Colombo*

When South Asian leaders met in the Maldives five years ago, they showed rare bonhomie and made ambitious economic plans for their region. But now they have trouble talking to each other.

With mounting tensions between the two big members of the seven-nation South Asian Association for Regional Cooperation (SAARC), India and Pakistan, the organisation is now listless.

Diplomats from the smaller member states -- Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka -- lament that bickering between the new nuclear rivals India and Pakistan are clouding other issues.

In sharp contrast to the ninth summit held in the Maldives where they pledged to thrash out thorny problems and get on with trade, it is now a Herculean task just to get them to Nepal later this week.

This summit is overdue by two years. The delay is blamed on India-Pakistan bickering.

A week after gunmen attacked its parliament, India said Prime Minister Atal Behari Vajpayee would not meet Pakistani President Pervez Musharraf on the sidelines of the Nepal summit between Friday and Sunday (January 4 to 6).

Indian Foreign Minister Jaswant Singh on Thursday rejected the possibility of talks with Pakistan, but said he expected the summit to go ahead as scheduled.

Singh said suggestions by the United States for India and Pakistan to have a dialogue may be well meant, but it was not practical given the rising tensions.

"What difference does it make? (But) it is not practical, it is not possible," Singh said.

Musharraf said in Islamabad Friday that he would be willing to meet Vajpayee in Nepal.

"I don't mind meeting him (Vajpayee). But as I said once before, you can't clap with one hand," Musharraf said. "And if there is a willingness from the other side, then there is a willingness from my side."

IT'S BUSINESS...

Edible oil: Palm taking the lead

MAMUN RASHID

In our childhood our moms only did cooking with mustard oil and few knew about Soybean or Palm oil. Now the scenario is reverse. The major edible oil consumed in Bangladesh is Soybean oil, closely followed by Palm oil.

In the world market usage of soybean in around 29 per cent, Palm 21 per cent, Sunflower 15 per cent, Canola 12 per cent, Peanut 6 per cent and rest- cottonseed, coconut and others. Canola and sunflower oil is expensive. The price, adaptability and performance of soybean oil possibly makes it appropriate for a broad range of food manufacturing applications in Bangladesh. Besides, food habits of Bangladeshi populace result in a huge demand for soybean oil which is deemed to be healthier than the high cholesterol mustard oil. Soybean oil has also little flavour, which is an advantage because it won't interfere with the taste of the food. Palm oil is also equally popular in Bangladesh because of its cheap price. The market share between soybean and palm is around 60 and 40 per cent. Palm is used more in sweetmeat shops, soap factories, making banaspati or chanachur, while in the rural Bangladesh 30-35 per cent of the populace still use mustard oil for food preparations.

Country imports crude degummed soybean oil (CDSO), crude palm oil (CPO) or mustard seeds equivalent to almost 1.2 million metric tons per year. International price for per MT CDSO is at present USD 400-, CPO USD 350-, mustard seeds - USD 300 (track record says, when the CPO price is lower than CDSO or price difference is reasonable , country sees more usage of palm oil). During the early eighties, the industry (which is basically a low entry barrier processing plant) operated mainly as a generic unbranded commodity with only a few established brand names. The nineties have witnessed the emergence of a large number of branded names, as producers tried to increase retail market shares (wholesale market being tremendously competitive as well as fluctuates according to international price/market fluctuations) by product differentiation.

The major importers/sellers of edible oil in Bangladesh are T.K group , Mostafa group & Shah Amanat group in Chittagong , City group, Meghna group & Bangladesh Edible Oil in Dhaka. T.K in Chittagong(Pusti brand) & City(Teer brand) as well as Bangladesh edible Oil (Rupchanda) are major retail players also. Major local importers/sellers remain to be T.K & City, while Bangladesh Edible Oil is a subsidiary of Kouk group in Singapore. The top 7 producers control 80 pct of the market share. From eighties to mid nineties there were almost 100 refining units in the country , but the number has come down drastically after 1998, with increased fluctuations in the international market. Now there are only 30/40 units with 10/12 active players(these are all people with deep pockets, sophisticated technology, quality commitment and control on the retail market) . We also get to see canned soybean/sunflower/canola oil being sold locally for up-market consumption. Duty/taxes on import of CDSO/CPO/mustard seeds is around 38 pct in Bangladesh, however in the retail market mustard is sold 3-5 taka higher than soybean per kilogram and palm is mostly sold in wholesale in the urban or in loose /uncanned form in the rural areas. However because of the price difference or constant promotion the market share for palm is increasing gradually. Track record of the major players also shows that they tend to make more money from palm oil sales than soybean, due to tremendous price fluctuations in CDSO.

Going forward, the growth of the edible oil business in Bangladesh depends on the improvement of purchasing power in the local market, price difference between soybean & palm, availability of tank terminal space for storage (TT price/rent increase due to space pressure is pinching on the producers for price increase as well sales drop, due to market being very price sensitive) & of course overall law & order situation in the country. We need efficient port for early release of goods, free road for free movement of stocks & communal harmony- majority of distributors of essential commodities like edible oil in the north and south Bangladesh being non-muslim.

Lanka faces major debt crisis

Loan repayments surpass total govt revenue

AFP, *Colombo*

Sri Lanka's government said Sunday that it was headed for a major debt crisis with local and foreign loan repayments surpassing total government revenue for the first time.

Deputy Finance minister Bandula Gunawardena said debt servicing in the first three months of 2002 would be 46 billion rupees (500 million dollars) while anticipated revenue was much less.

"There will be no money for any other government expenditure after we service the debt," Gunawardena told reporters here.

Debt servicing next year was set at 295 billion rupees (3.2 billion dollars) compared to estimated government revenue of 275 billion (2.9 billion dollars).

It will be the first time that Sri Lanka's debt servicing exceeds total state revenue, Gunawardena said.

Asked if Sri Lanka was headed for an Argentina-style freeze on debt servicing, Gunawardena said Colombo hoped to drastically cut government spending to overcome the financial crisis.

"We don't want to ask for re-scheduling of the loans because that would seriously damage the financial credibility of the country," Gunawardena said adding that the new government's budget in February will address the crisis.

Government revenue this year was down by 30 billion rupees (326 million dollars) widening the budget deficit to 10.5 percent of gross domestic product (GDP) compared to the original estimate of 8.5 percent of GDP.

"Next year, we want to bring the budget deficit to a single digit, preferably about 7.5 percent," Gunawardena said.

The United National Party (UNP) government which came to power in the December 5 elections has promised an economic revival and an end to the island's drawn out Tamil separatist war.

The performance of the economy this year is set to be the worst since independence from Britain in 1948, according to government figures.

GDP growth this year was expected to be negative 0.5 percent, sharply down from 6.0 percent growth last year.

Industrial development minister G. L. Peiris said the new government has won an 86 million dollar loan package from the Asian Development Bank to help revive small scale industries.

26th FBCCI AGM held

The 26th annual general meeting of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) was held at the Federation auditorium yesterday, says a press release.

The meeting was presided over by Yussuf Abdullah Harun, president of the FBCCI.

Harun, in his address, dwelled on the country's economic scenario. "Our biggest foreign exchange earner, the RMG sector, is facing a tough situation following the passage of US TDA 2000 which gave African and Latin American countries special preferences. Although Bangladesh is a least developed country under the WTO standard, it was not given the facilities for garments export to USA. Besides, current global economic recession, terrorist attack on the USA, Afghan war and falling prices in the international market are causing sharp drop in the exports of readymade garments, knitwears, frozen foods, leather goods and shrimps," he said.

FBCCI president also said remittances from non-resident Bangladeshis have also been showing downward trend. The foreign exchange reserve is uncomfortably low at around USD 1 billion, he added.

Terming corruption as another evil eating into the vitality of the economy, the FBCCI president mentioned that the best way to curb corruption is to restrict government procurement to minimum through increased privatisation, reduce discretionary power of the bureaucrats, and ensuring good governance.

The FBCCI president also thanked the government for its prompt action to reduce the bank rate by 1 per cent and interest on export by 3 per cent.

FBCCI vice president Mohammad Ali and directors of FBCCI were also present on the occasion.

Among others, Nurul Haq, Mostaque Ahmed Robi, Manzur Ahmed, Md Yunus, A K M Shamsoddoha, Rafiqul Haque, Mir Nasir Hossain, Khurshid Ali Mollah, Delwar Hossain, Dewan Sultan Ahmed, Abdul Taher Majumdar, Moyenuddin Ahmed Manik, Abu Alam Chowdhury, Abdul Mannaf, Kazi Akram Uddin, Rafiqul Islam, Iqbal Jamal Jewel and Khoka Sikder also spoke on the occasion.

Tourists have three months to exchange European currencies

AFP, *Paris*

Tourists holding onto money from trips to euro-zone countries will have just three months to exchange leftover national banknotes for the new European single currency.

The European Central Bank (ECB) has asked euro-zone central banks to provide consumers until March 31 of next year with at least one place where they can exchange all their notes from other countries for free.

But tourists who have jars full of Spanish peseta, Dutch guilder or Irish punt coins would be better off giving them to charities of their choice, since neither national nor commercial banks will accept coins from other countries.

It will be possible to take franc coins to the French central bank and exchange them there for euros -- the same applies to Germany, or other euro-zone countries -- but commercial banks will in general turn them away.

So travellers who insist on getting coins exchanged should plan another trip to the respective countries along with a stop at the central bank.

Charitable and humanitarian organizations might get a boost from leftover coins if travellers decide to take the generous route, or the coins could just turn into souvenirs of the 12 currencies destined to become relics come early 2002.

Most large commercial banks will exchange notes from other euro-zone countries -- for a small fee -- during the dual circulation periods of both the euro and the national currency, which run out by the end of February at the latest.

But most banks have never exchanged foreign coins for individual customers.

The rules in central banks for exchanging soon-to-be-invalid foreign notes will vary widely from country to country.

Austria's central bank, for example, will limit exchanges to the equivalent of 3,000 euros per day, while in Spain individuals can exchange only up to 2,000 euros every day.

In any case, the exchanges -- all commission-free -- will only be possible until March 31, 2002.

Al Baraka Bank board meets

The 43rd meeting of the Board of Directors of Al Baraka Bank Bangladesh Limited was held on Thursday at the bank's head office in the city, says a press release.

Abdul Matin Khan, Vice Chairman of the Board of Directors presided over the meeting. Among others, Directors Dr FM Rafiqul Islam, Chairman, STC, Barrister M Moniruzzaman Khan, Chairman-Ex-Com, Md Abdul Khaleque, SS Akhter, Morshed Ahmed Khan, Syed Aynul Kabir, Md Khorshedur Rahman, Khan Mohammad Shamim Aziz and Ismail Dobash were present at the meeting.