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Khasru blasts insurers for not maintaining proper accounts

Agent commission in general insurance to go from March 1

STAR BUSINESS REPORT

Commerce Minister Amir Khasru Mahmud Chowdhury blasted insurance companies for not maintaining proper books of accounts.

Some insurance companies resort to business in credit in violation of existing regulations, he said, adding that the government will take measures to stop the malpractice.

"The government may go to the extent of cancelling licences of the insurance companies if found violating the regulation," the minister told a reception accorded to him by the Bangladesh Insurance Association (BIA) on Tuesday.

The minister also announced the provision for agent's commission in general insurance companies will be abolished from March 1, fulfilling the long-standing demand of BIA. He added the process of implementation of the decision will be announced shortly.

He said there have been many allegations of violation of rules by the companies and the government is aware of these. "But such malpractice cannot be allowed to continue…"

"If you want any change in regulations we are ready to do it … but when a law exits we want you to follow it properly," Khasru said. "Otherwise the government will be compelled to take steps which may not be very pleasant."

"Look at your balance sheets, look at books of accounts…. are all insurance companies presenting genuine balance sheets? We all know about it."

Khasru said the government will try to make Insurance Academy more professional for the development of the sector.

He urged the insurance companies to strengthen self-monitoring measures.

The minister said the insurance companies should come up with innovative products.

He said the government will provide all-out support to make the sector vibrant and for this reason it has taken the decision to abolish the commission system.

Insurance sources said the Insurance Act, 1938 empowered general insurance companies to allow commission for agents who procured business. Under the act, the government authorised general insurance companies to pay agents' commission at 15 per cent for fire insurance and 20 per cent for marine insurance.

Sources in insurance companies said because of stiff competition among the general insurance companies the rate of commission payment increased to as high as 50-60 per cent against the premiums.

Such commission had long been shown under development expenditure heads of the companies, reflecting a huge mismatch between the commission and the actual receipt of premiums.

There are currently 39 general insurance companies who are fighting among themselves for procuring insurance business and a number of them are in the process of draining out funds by taking commission in the name of fictitious agents, the sources said.

The BIA had long been demanding the abolition of such commission for agents to save the sector from ruination and had welcomed the government decision to withdraw the provision.

End BTTB monopoly, businesses urge govt

STAR BUSINESS REPORT

The country's business community urged the government to open up the telecommunication sector from the monopoly of state-run BTTB in a bid to make long-due breakthrough in the information technology (IT).

They, at a seminar yesterday, observed that due to some obstacles the IT sector in the country could not get proper momentum and asked the government to remove the barriers for the betterment of the business.

The seminar styled "Application of Internet in business" was orgnised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Lack of submarine cable connectivity and inefficient and insufficient telecom services are the major obstacles to the IT growth, they mentioned.

The government's step not to include any body from the private sector in the recently formed telecom regulatory body also came under criticism in the seminar.

State Minister for Science and Technology Mohammad Lutfor Rahman Khan Azad was present as the chief guest while SM Iqbal, Managing Director of Information Services Network(ISN) Ltd, presented the key notepaper. FBCCI President Yussuf Abdullah Harun presided over the seminar.

The state minister said the National IT Task Force has been formed headed by the Prime Minister to bring dynamism in the IT sector.

Mentioning the government's commitment to develop the IT sector, Azad said it will extend all sorts of cooperation to the private sector.

Yussuf Abdullah Harun said the FBCCI will submit a set of suggestions on the IT sector to the government soon and hoped those could be considered while formulating the future IT policy.

Terming the Internet a cost saving tool, SM Iqbal in his keynote paper, said Internet is a potential source of business. However, the prospect of such technology in business depends on entrepreneur's vision and management skill, he added.

He noted the introduction of fibre optic cables or submarine cable is necessary to get the maximum benefit of Internet.

Govt prefers 'go-slow' policy while businessmen for speedy SOE sell-off

STAR BUSINESS REPORT

When the private sector people emphasised expediting the privatisation process and offloading the profit-making state-owned enterprises (SOEs) first, a government policymaker preferred to go slow referring lapses in many of the already-offloaded ones.

The contrast view came from a daylong workshop on the privatisation of state-owned utilities organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday.

Addressing the workshop Industries Minister MK Anwar emphasised on strong privatisation process, but preferred to go in phases as he thought the private sector was not fully prepared for the switchover.

"Government will not take hurried steps for privatisation rather it will make steady progress in the process," he said.

MK Anwar also said there is no dearth of willingness on the part of the government but it is hard to find prospective buyers for big SOEs, especially for losing ones.

The workshop put forward some recommendations for expediting the privatisation process on the basis of a World Bank-funded FBCCI study.

Chaired by FBCCI Chairman Yussuf Abdullah Harun, the workshop was also attended Privatisation Commission

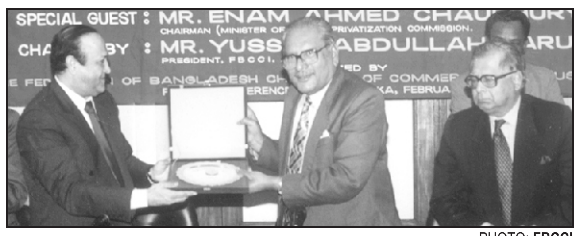

PHOTO: FBCCI

FBCCI President Yussuf Abdullah Harun presents a crest to Industries Minister M K Anwar at a workshop yesterday.

Chairman Enam Ahmed Chowdhury, and Chairman of Centre for Development Research, Bangladesh (CDRB) Mizanur Rahman Shelley.

Enam Ahmed Chowdhury said the commission would not go for privatisation on the behest of World Bank and donors.

He said competition, competence, cost-effectiveness, management efficiency and standard of service will come first in the privatisation process.

Business people, at the workshop, said the government cannot waste anymore time as there is a consensus among the political parties regarding the privatisation of the SOEs.

The country's 586 SOEs incur about Tk 3500 crore annually, forcing the government to borrow from banks, they said.

On privatisation of state-run utility services, the speakers also called upon the government to open the distribution sector to private companies first and then go for generation and transmission.

They said Power Development Board (PDB) is incurring huge loss every year as it is involved in generation, transmission and distribution of power at the same time.

Pilferage, systems loss, over-staffing, low prices of power and lack of competition worsened the situation in PDB.

Mizanur Rahman Shelley of CDRB and Showkat Ali Ferdousi of IBA, Dhaka University did the study that recommended build-operate-transfer (BOT) and build-operate-own (BOO) arrangement for the power sector, which is popular in developing countries.

The study also emphasised for management contracts, leasing, franchising and joint venture options for power sector disinvestment.

Yussuf Abdullah Harun said the government should play the role of a facilitator not a controller for the development of private sector investment in utility service.

Kazi Zafarullah, former chairman of Privatisation Commission, SM Al-Hussainy, advisor, Mohammad Ali, Vice President and Abul Kashem Ahmed, Director of FBCCI, also spoke on the occasion.

Tyco battered on growing credit concerns

REUTERS, *New York*

Tyco International Ltd.'s stock market value plunged $13.6 billion on Tuesday as concerns mounted about the beleaguered conglomerate's ability to raise cash amid increasing signs it can no longer easily access debt markets.

In Bangladesh, Tyco is pursuing the tk. 921 crore Bangladesh-Singapore Submarine Cable project-- and the government might sign a letter of intent for the project by late March.

Investor confidence in the maker of everything from diapers to security systems, already badly damaged by concerns about its complex accounting for acquisitions, was hurt further by downgrades in its credit ratings as Tyco decided to use lines of credit from banks to pay off short-term debt.

On Tuesday its massive financing unit Tyco Capital said it will draw from $8.5 billion in bank credits to pay off short-term commercial paper, following a similar move by the Bermuda-based parent company on Monday.

Tyco Capital, which is set to be spun off or sold as part of a radical restructuring plan announced by Tyco last month, has said it is gravely concerned by severe restrictions on its access to credit markets. GE Capital, the financial services arm of General Electric, has signed a confidentiality agreement with Tyco's financing unit, indicating an interest in acquiring it, a source told Reuters on Tuesday.

In a further sign that Tyco is pulling in its horns, technology and financing company Comdisco said on Tuesday that Tyco Capital recently abandoned plans to buy one of Comdisco's leasing businesses after bidding for it.

Tyco has become the biggest corporate casualty from investors' increasing concerns about opaque accounting practices and questionable corporate ethics in the fallout from the collapse of energy trader Enron Corp.

Its stock finished off $6.80, or about 23 percent, at $23.10 on the New York Stock Exchange on Tuesday and has now declined more than 60 percent this year for a total loss of more than $70 billion in market value. The company's bonds also took a hammering with notes due in 2011 notes down to just 74.75 cents in mid-afternoon trading, a loss of at least 16 cents in the past week.

"There are no buyers for the debt," said Jim McDonald, vice president at T. Rowe Price Associates Inc. in Baltimore, who helps invest $15 billion in money market assets. He said that liquidity for Tyco has just dried up.

Investors and some analysts said there was no sign of a rebound anytime soon as the questions about Tyco's strategy and disclosure policies continue to mount.

"I'm not going to fight the tape," Legg Mason analyst Barry Bannister said in reference to the falling stock price. "Until there's a Plan B, until it's bottomed out, I cannot recommend this stock."

United Leasing recommends 40pc dividend

The meeting of the Board of Directors of United Leasing Company Limited yesterday recommended a 40 per cent dividend for its shareholders, subject to the approval at the thirteenth annual general meeting of the company to be held on May 12, 2002, says a press release.

The company earned an after tax profit of Tk 11.5 crore in 2001 compared to Tk 9.5 crore in 2000, an increase of 21 per cent. Income from operation grew by 17 per cent to Tk 118.6 crore in 2001 compared to Tk 101.4 crore in 2000, the meeting was told.

Kafiluddin Mahmood, Chairman of the company, presided over the meeting.

Expats remit Tk 6.66cr in January

UNB, *Dhaka*

Bangladeshi nationals living abroad remitted over Tk 6.66 crore through Foreign Money Order (FMO) in the month of January.

During seven months of the current fiscal year, the expatriates sent Tk 45.84 crore through FMOs which amounts to 26.85 lakh pound sterling and 42.76 lakh US dollars, said a press release.

BFFEA-ATDP-II workshop begins in Khulna today

A two-day workshop on seal of quality (SoQ) begins in Khulna today, says a press release.

Bangladesh Frozen Foods Exporters Association (BFFEA) and USAID funded Agrobased Industries & Technology Development Project-II (ATDP-II) are jointly organising the workshop.

SoQ is a trademark which guarantees the quality of the products to the buyers that can provide premium price for the exporters of frozen foods. It can also create great demand for the products and processors can sell more products in the international market.

Asian exports set to rise

AFP, *Singapore*

The much-anticipated recovery in the global economy will bolster Asian exports this year even if the United States, the world's biggest economy, posts a smaller turnaround than expected, a report released Wednesday said.

"For this year, we believe that even a mild recovery in the US is likely to be complemented by a strong surge in pent-up investment demand from across Asia," global investment bank Credit Suisse First Boston (CSFB) said.

The fortunes of Asias export-dependent economies, which have been squeezed badly by the global slowdown last year and fallout from the September terror attacks, are about to improve from the second quarter onwards, said CSFB.

Leading economic indicators in the US and the Organisation for Economic Cooperation and Development, which usually leads the region by six months, are showing signs of a revival, the investment bank said.

Asia is well poised to make the necessary investments to boost production capacity having been forced to make cuts due to the 1997-1998 regional financial crisis, unlike the US which is still suffering the consequences of over-investment, it said.

"So if the US is to witness several years of muted investment spending, as it digests the impact of its 1998-2000 over-investment boom, Asia faces no such problems of digesting over-investment," said CSFB.

EU signals opposition to WTO farm waiver for poor nations

REUTERS, *Geneva*

The European Union indicated Tuesday it opposed creation of a system to allow poorer countries to set aside current world trade rules and increase protection for their farmers.

Creation of the so-called "development box" as part of World Trade Organisation (WTO) rules on agriculture has been proposed by a group of small developing states in Asia, Africa and Latin America to try to boost exports and domestic food security.

Under the "development box" idea -- championed among others by Pakistan, Nigeria, Cuba and Zimbabwe -- subsidies and other support aimed at boosting the economies of poorer countries would be exempt from open trading rules.

Demands for richer trading powers to open up their markets to produce, especially agricultural goods, from developing countries have become a major theme of international debate on how to combat poverty and the discontent it produces.

But EU negotiator David Roberts told a Geneva news conference Brussels was sceptical about proposals which would increase barriers to trade rather than move towards opening markets in the new Doha Round negotiations.

"Gains from trade come from importing and exporting, and should not just be measured in terms of additional exports," Roberts said.

Diplomats said the United States had taken a similar stance at the WTO this week in discussions on agricultural reform -- two-year-old talks which are being folded into the new round.

Under current WTO farm trade rules, domestic subsidies in the 144 member countries deemed not to affect prices or distort international trade are identified as "green box". An "amber box" covers subsidies which must be phased out.

A seminar on " Developing an International Strategy of Marketing, Business and Commerce in Bangladesh in 2002 and Beyond" organised by Asian Institute of Management and Information Technology (AIMIT) was held at Marketing Department of the University of Dhaka on Tuesday. Picture shows (from left) Assistant Professor Shahidul Islam, Professor MM Khan, AIMIT President Dr Nasimul Aktar, Professor Stewart Shuttle, and AIMIT Director Mizanur Rahman at the seminar, which was presided over by Dhaka University Treasurer Professor Syed Rashidul Hasan.

Prime Bank, IPDC sign Tk 10cr loan deal

Prime Bank Limited and Industrial Promotion & Development Company of Bangladesh Limited (IPDC) signed a Tk 10 crore loan agreement at the bank's head office, on Saturday, says a press release.

With a view to contributing to the pace of industrialisation of the country, Prime Bank Limited sanctioned the term loan in favour of IPDC.

Syed Naser Bukhtear Ahmed, Managing Director (Current Charge) of Prime Bank Limited, and CM Alam, Managing Director of Industrial Promotion & Development Company of Bangladesh Limited (IPDC), signed the agreement on behalf of their respective organisations. M Shahjahan Bhuiyan, Deputy Managing Director Motior Rahman, Executive Vice President, Md Mehmood Hussain, Vice President and Manager-Mohakhali Branch of Prime Bank Limited, and Javed Prodhan, Chief Operating Officer, Khan Tariqul Islam, General Manager-Finance, Yeazdani Bhuiyan, Manager-Finance and Admin of IPDC, were present at the signing ceremony.

Prime Bank Limited, a fast growing bank in the private sector, earned per-audited operating profit of over Tk 79.16 crore during the year 2001. Its non-performing loan is 1.12 per cent, the release added.

Presentation on cyber ethics held at DCCI

A presentation on "Cyber Ethics in a World of Cyber Crimes" was held at the DCCI Auditorium on Monday, says a press release.

Matiur Rahman, President of DCCI, chaired the presentation ceremony while Subimal Bhattacharjee, Adviser-Information Technology to the Chief Minister of Assam, India and Chairman of a task force on Cyber Security of ASSOCHAM, made the presentation.

Aftabul Islam former president of DCCI, K Atique-E-Rabbani, Director, DCCI and Mamun-ur-Rahman, former director, DCCI, also spoke on the occasion.

Ferdous Ara Begum, Joint Secretary (R&P), moderated the presentation ceremony.

PHOTO: PRIME BANK

Syed Naser Bukhtear Ahmed, Managing Director (Current Charge) of Prime Bank Limited, and CM Alam, Managing Director of Industrial Promotion & Development Company of Bangladesh Limited (IPDC), sign a loan agreement on behalf of their respective organisations in the city on Saturday. M Shahjahan Bhuiyan, Deputy Managing Director, Motior Rahman, Executive Vice-President, Md. Mehmood Hussain, Vice President and Manager-Mohakhali Branch of Prime Bank Limited, and Javed Prodhan, Chief Operating Officer, Khan Tariqul Islam, General Manager-Finance, and Yeazdani Bhuiyan, Manager-Finance and Admin of IPDC, were present at the signing ceremony.

Bush refuses to allow widening probe into Enron scandal

AFP, *Washington*

President George W. Bush on Tuesday refused to allow the probe into Enron's scandal-tainted bankruptcy to widen despite outraged lawmakers' accusations the firm had undue influence in Washington.

"I see a need for laws and I see a need for a full investigation and that's what we're providing," he said, rejecting the idea of naming a special counsel to investigate links between his administration and the failed energy company.

Bush insisted the Enron debacle was a business scandal rather than a political one.

"Listen, this is a business problem and my Justice Department is going to investigate. And if there's any wrongdoing, we'll hold them accountable for mistreatment of employees and shareholders," he said.

However, Senator Ernest Hollings, who chairs the Senate Commerce Committee, said politicians of every stripe all the way up to the White House were tarred with the Enron brush.

"This gentlemen, Mr Lay, bought the government," Hollings said, referring to former Enron chief executive officer Kenneth Lay and his meetings with vice president Dick Cheney, and the administration's efforts to help Enron recuperate investments made in India.

An independent prosecutor was necessary, he said, "because (with) this administration's ties to Enron, they can't conduct an impartial investigation" adding that the scandal was not just of "corporate corruption, but a culture of political corruption."

Enron's filing for Chapter 11 protection on December 2 marked the largest-ever bankruptcy filing by a US corporation, sending shock waves through the nation's business, financial and accounting sectors.

The collapse has resulted in more than 4,000 workers losing their jobs, and thousands more investors seeing their life-savings crumble into worthless paper.

Both the House and the Senate, the Justice Department and the Securities and Exchange Commission have launched investigations into the causes of Enron's collapse, amid allegations of financial misdealings and troubling accounting and legal oversight.

Lawmakers on Tuesday voted to use their subpoena powers to compel Lay -- who refused to appear voluntarily before a Senate panel -- to explain how top executives walked away from the failed company with millions of dollars.