Star
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Fisons declares 100pc, RPR 25pc dividends

Fisons (Bangladesh) Limited (FBL) and Rhone Poulenc Rorer Bangladesh Limited (RPR) have declared 100 per cent and 25 per cent dividends respectively for their shareholders, says a press release.

Shareholders approved the dividends at the annual general meetings (AGMs) of Aventis Pharma group of companies RPR, FBL and Hoechst Marion Roussel Ltd (HMR) held in the city on Monday.

Chairman of Bangladesh Chemical Industries Corporation (BCIC) Hasanul Morshed presided over the AGM of RPR while Chairman of the Board and Senior Director-Industrial Operation, Asia Pacific of Aventis Pharma International Michel R Lienard chaired the AGMs of FBL and HMR.

Jacques Perez, Finance Director-South Asia of Aventis Pharma, was also present at the AGMs. Md Khalequzzaman, Joint Secretary, Md Idris Mia, Joint Secretary and Kanak Kanti Barua, Joint Secretary, represented the Ministry of Industries at the meetings.

AKM Shamsuddin, Aventis Country Delegate and Managing Director of the joint venture companies, along with M Shafiqul Alam, Director-Finance & IT, apprised the shareholders of the business results for 2001.

PwC plunged into Enron-type scandal

AFP, *Moscow*

The accounting firm Price water house Coopers was plunged into an Enron-type scandal Monday as a top foreign investment fund in Russia sued it for damages, claiming it had effectively covered up asset-stripping by gas giant Gazprom.

Hermitage Capital lodged "a series of legal actions" with the Moscow Arbitration Court, alleging that PwC audits of state-controlled Gazprom were "deliberately false," according to a statement faxed to AFP.

The fund also applied to the finance ministry to suspend PwC's audit license in Russia and bar it in the future from auditing Gazprom, the world's largest gas producer.

"The amount of asset stripping (by Gazprom) is by far the largest we've had in Russia and PwC did a good job of trying to minimize it," William Browder, chief executive of Hermitage Capital, told AFP.

"This is Russia's Enron," he said, referring to the scandal surrounding accounting firm Arthur Andersen's alleged role in covering up falsified accounts at bankrupt US energy giant Enron.

"We've met with a number of senior government officials and they share our concerns," Browder added, saying these included Trade and Economic Development Minister German Gref and deputy head of the presidential administration Dmitry Medvedev.

A PwC spokeswoman said the company had no immediate comment to make as it was studying the fund's legal action.

Alexander Dobrovinsky, whose law firm was hired by Hermitage to lead the case, said the arbitration court could examine the lawsuits within a month.

PwC had received 12 million dollars a year in fees from Gazprom for the past five years and 10 per cent of the gas giant's assets had been diverted during this time, the lawyer said, commenting on the likely damages he would seek.

New premises of NBL Feni branch inaugurated

National Bank Limited has shifted its Feni branch to a new location at Zahiriya Masjid Waqf Estate Market (1st floor) at Shaheed Saahidullah Kaiser road in Feni.

Abu Taher, Chairman of the bank, inaugurated the new premises on Monday, says a press release.

The branch has been shifted to provide better services to its clients.

A discussion meeting was held on the occasion.

STB's new regional director for South, West Asia

The Singapore Tourism Board (STB) has appointed Vimal Harnal its Regional Director for South and West Asia, says a press release.

Based in STB's office in Mumbai, Harnal will be responsible for the STB's marketing activities for South Asia and West Asia. He assumed his new position on March 31.

This is the second time Harnal has been posted to Mumbai. Harnal was first posted to Mumbai in 1993. He returned to STB headquarters in 1999 to serve as Assistant Director covering South Asia, West Asia and Africa.

Transit to narrow trade gap

Indian senior bureaucrat tells Bangladeshi journalists

SHAIKH NAZRUL ISLAM *from Delhi*

A senior Indian bureaucrat yesterday said Bangladesh can narrow the yawning trade gap with India by opening up its service sector like transit to its neighbour India.

"Transit may be one service sector from which you could earn money," said Additional Secretary (Bangladesh, Sri Lanka, Maldives) Promothesh Rath while talking to a group of Bangladeshi journalists at the External Affairs Ministry in the South Block yesterday.

Other senior Indian bureaucrats said that their country is willing to further liberalise its policies for Bangladeshi commodities by giving more market access to Bangladeshi products if the country expands its export base.

The bureaucrats termed the just concluded commerce secretary level talks to be a new beginning of a process to resolve all trade disputes between the two countries. "Such a process could be through continued dialogue at different levels between the two countries," Promothesh Rath said.

He suggested making the export broad based through diversification of items, expanding border trade and the service sector, including transit facility that could reduce the trade gap, which is largely in favour of India.

Presently the trade imbalance between Dhaka and New Delhi is over one billion US dollars in official count. Informal cross-border trade is said to be several times higher than the formal trade transacted through official channels.

Asked about India's apparent reservations about granting 191 items under 25 categories duty-free access to Indian market in line with the commitment made by Prime Minister Atal Behari Vajpayee in Dhaka on June 20, 1999, he said: "We will certainly look at it sympathetically ... This is not the last talk, we will talk more, sit together and resolve the problem."

Rath, who was a member of the Indian delegation at the trade talks held in Dhaka this month, referred to an agreement reached at the last trade-review meet held in May 2000 to discuss the issues of border trade and transshipment of Indian goods through Bangladesh. It was referred to a joint group of experts.

But, he said, although the joint experts group has not yet met, India unilaterally agreed to give duty-free market access for 40 Bangladeshi items under 16 categories, out of 25, at the last trade meeting in Dhaka.

Replying to questions, Rath said the decision to impose luxury tax on some of the Bangladeshi export items was taken by the West Bengal government which they would take up with the state government.

In reply to a question about the renewal of trade pact between the two countries, he said the agreement lastly extended for six months would expire on May 4 this year. "We're examining the question of renewal of the agreement," he told a questioner.

Rath said the Joint Economic Commission, which will meet shortly, would take up the matters of border trade and transit alongside other issues.

About the proposed Dhaka-Agartola bus route and trans-border passenger train service, he said: "We're ready for that, we are waiting for Bangladesh government's decision."

On the crucial issue of export of natural gas from Bangladesh, he said India would be glad to import gas, but it is a decision that entirely depends on Bangladesh. "We are looking for gas from all over the world, we will be happy to receive it from Bangladesh, but we are not pressing for it," he said.

Earlier in a luncheon meeting with the journalists at a local hotel, spokes person for the Indian Ministry of External Affairs Nirupama Rao said India values friendship with Bangladesh and smaller issues between the two neighbours could be resolved through discussions.

She pointed to the recent trade talks in Dhaka as a "good beginning" and said the assurance made by the Indian Prime Minister regarding the duty-free access of Bangladeshi items under 25 categories would not dilute.

PHOT: BEA

A delegation from Bangladesh Employers' Federation led by its President Iftekharul Alam met Md Lutfor Rahman Khan, State Minister for Labour and Employment, at the Secretariat yesterday. Dalil Uddin Mandol, Secretary of the ministry, and some other high officials are also seen in this picture.

BEF for taking up protectionism issue in international forums

STAR BUSINESS REPORT

Bangladesh Employers' Federation (BEF) yesterday urged the government to take up the issue of protectionist attempts from "different vested quarters in developed countries" in the international as well as in the regional forums.

The BEF by its President Iftekharul Alam led a delegation of its members and made the observations before State Minister for Labour and Employment Lutfor Rahman Khan at his office yesterday.

The delegation also said that developed countries were imposing conditions under different names like 'codes of conduct' and 'responsible manufacturing practices' which is hampering the country's export. " These impositions are nothing but trade distortive and protection-oriented," BEF said.

During the meeting the BEF delegation raised the issue of national minimum wage for the workers of industrial sector set by the previous government.

They told the state minister that the previous government through a Statutory Regulatory Order (SRO) declared national minimum wages "without any lawful authority".

The BEF had challenged the SRO and managed to obtain a stay order from the High Court. It also urged the minister to initiate move to promulgate the draft Labour Code, 1994, for improving the labour productivity and for bringing reform in trade union.

The BEF also pointed out that promulgation of the Labour Code, 1994 was on the 100 days' agenda which was still to be done, the delegation said.

The delegation also urged the government take steps to train workers before allowing trade union activities in the country's export processing zones (EPZ).

They expressed apprehension that without proper knowledge on effects of trade union politicisation, trade union leadership and the need for excluding outsiders from enterprise level union activities, the exports from the EPZs may be hurt.

The BEF said such training programmes would make the workers feel more responsible and exports from EPZs would not be hampered.

The government in a notification in January last year approved trade union activities in the EPZs from January 2004.

Secondary treasury bond market soon

BB governor says at CPD-FBCCI dialogue

STAR BUSINESS REPORT

A secondary market for treasury bond is expected to be introduced within a few months, Bangladesh Bank Governor Dr Fakhruddin Ahmed disclosed yesterday.

He said it has become very urgent to introduce such a market for treasury bills for which the government has a significant role to play in this regard.

"Treasury bills have to be attractive and we have started a process to introduce the market within the next few months," the governor said while speaking at a dialogue on Financial Sector Reforms in Bangladesh: The Next Round.

The dialogue was jointly organised by Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and Centre for Policy Dialogue (CPD) at a city hotel.

With former finance minister M Syduzzaman in the chair, State Minister for Finance Abul Hossain attended the dialogue as chief guest. Dr Debapriya Bhattacharya, Executive Director of the CPD, made a presentation on the main topic while business leaders, executives and policy makers of different commercial banks, academics and former bureaucrats participated in the discussion.

The central bank governor mentioned disclosure of banks is an extremely important issue. "As far as nationalised commercial banks (NCBs) are concerned, we are trying to address the issue. Accounting standard of NCBs would be better next year."

It is a good sign that the market share of NCBs has gone down. There is no option but to improve the management of the NCBs, he said.

In his presentation, Dr Debapriya said the next round of the financial sector reforms should concentrate on the unfinished agenda of the first round, focus on expansion and diversification of the sector in order to serve the basic task of investment promotion in the era of globalisation.

In addition to high non-performing asset (NPA), collusive behaviour and misconceived price strategy, high operational costs and over staffing of NCBs are also responsible for high interest spread, he said.

"It is imperative to reduce the NPA level and operating costs of the NCBs in order to bring down lending rates in a sustainable manner," he added.

"What we require is the demonstrated commitment of the political authorities towards developing a modern financial sector in the country," Debapriya said.

He observed the problem of loan recovery cannot be addressed only by undertaking legal reform, issues like ethical standard and accountability of the concerned individuals, the overall law and order situation and quality of politics of the country are also involved in the process.

Having only six per cent market share, foreign commercial banks (FCBs) cannot play the role of price leader, he observed. Rather, the FCBs are price-followers, whatever prices are determined in the market the FCBs are accepting it.

M Syduzzaman said financial sector reform is not possible through a project of World Bank. "Rather, it is a process that needs political commitment."

Stressing the need for developing a bond market, the former finance minister said term loan of commercial banks has been historically unethical. Interest rate of saving certificates should be drastically reduced for facilitating a bond market in the country, Syduzzaman added.

Former deputy prime minister Jamaluddin Ahmed said NCBs, which dominate 65 per cent market share, do not have any accountability and maintain transparency. "They even do not make necessary disclosures."

Akram Uddin, Chairman of Association of Banks, said question has been raised about the justification of new banks. "But service has been improved significantly with the launching operation of new banks and they are working well."

Dr Mashiur Rahman, former secretary of External Resource Division, said unless the burden of state-owned enterprises (SOEs) is relieved from the NCBs, there is hardly any possibility for NCBs to acquire strength.

Abu Ahmed, a professor in the Economic Department of Dhaka University, said term loans are given against collateral. Legal system should be developed so that collateralised assets could be sold.

Delwar Hossain, Director of the FBCCI, said banks in the rural areas cannot provide a minimum standard of service and that's why people prefer sending money through courier service companies.

Responding to an allegation that the third generation banks were intentionally forced to face an adverse situation when the central bank imposed a regulation to deposit cash reserve ratio (CRR) in local currency, the governor said as far as the central bank is concerned, it did not distinguish first, second or third generation banks. "It was unintentional. We extended all supports for those who came for rediscounting facility."

PHOTO: STAR

S Alam Group Director Shahidul Alam inaugurates the Group's bus service on Chittagong-Kolkata route in Chittagong Sunday.

PHOTO: NBL

Abu Taher Miah, Chairman of National Bank Ltd, inaugurates the new premises of Feni branch of the bank on Monday. Habibullah, Director, Rafiqul Islam Khan, Managing Director, and Mustaque Ahmed, Deputy Managing Director of the bank, are also seen in the picture.

GE Capital cuts 7,000 jobs

AFP, *Washington*

GE Capital said Monday it would axe 7,000 workers in the United States and overseas this year out of a total staff of 90,000.

"GE Capital has plans to lay off approximately 7,000 people by the year-end," said spokesman John Oliver.

The layoffs, to take place in the United States and overseas, were part of a long-term programme to improve productivity and to rely as far as possible on technology, he said.

No figures were available for the cost of the redundancies, nor the savings expected.

"It is not concentrated by business segment, by business or by geography," he added, noting that GE Capital operated in 45 countries.

Indian workers go on strike to protest privatisation

AFP, *Bombay*

Hundreds of thousands of people working for state-owned banks and other companies in India went on strike Tuesday to protest against the government's privatisation programme, trade unions said.

Unions representing state-sector employees said up to 10 million workers could support the one-day strike which also targeted reforms in insurance, labour laws and taxation.

Banking services were expected to be the worst hit with more than 800,000 employees expected to stay at home.

"Three key bank officers' unions and four employees' unions have joined hands with the other trade unions," said an official with the Indian Banks' Association, which is supporting the strike.

"I expect the strike to be near total in the banks, bringing transactions to a halt."

According to the official, employees of India's central Reserve Bank were also considering joining the strike.

"In that case the strike will be a complete success as the central bank's clearing operations will be hit," he added.

Employees of some foreign and private sector banks could also go on strike, he added.

Other employees planning to strike were those in insurance, petroleum and other state-owned companies.

"The strike is also to protest the privatisation plans in the defence sector as well as the low-interest regime introduced by the finance minister," said a spokesman for the All India Trade Union Congress.

Also supporting the strike were some trade unions allied to Prime Minister Atal Behari Vajpayee's Hindu nationalist BJP party.

Finance Minister Yashwant Sinha was under pressure from within the BJP party as well as allies in the ruling coalition to roll back some of the tough measures outlined in his recent budget.

China warns of 'grim' fiscal situation amid rising growth

AFP, *Beijing*

China's finance minister Tuesday warned of a "grim" fiscal situation, even as he reported Asia's second-largest economy grew 7.6 per cent in the first quarter.

Government revenues in the first three months rose 3.4 per cent from the same period last year, while expenditure ballooned 23.9 per cent.

"The fiscal situation is rather grim," Xiang Huaicheng said at a press conference in Beijing. "Growth in revenues has been too slow and growth in expenditures too rapid."

Xiang was sounding the alarm only a month after he presented a budget foreseeing 10 per cent growth in revenue, and a 12 per cent increase in spending.

Even under these optimistic assumptions, China's fiscal deficit would reach a record 309.8 billion yuan (37 billion dollars) this year, up 25 per cent from 2001.

"The first quarter figures don't tell a good story," said Chen Xingdong, chief economist with BNP Paribas Peregrine in Beijing.

"You can't conclude the year as a whole will suffer from such low growth, although if that is the case, the (government) will be in trouble," he said.

The bleak message came amid signals the Chinese economy is picking up after a downturn last year.

China's year-on-year economic expansion in the first three months was helped partly by vast government spending, Xiang said.

"We believed (the US slowdown late last year) would have very serious repercussions on the Chinese economy," Xiang said. "So we decided we had to press ahead with the proactive fiscal policy."

The "proactive" policies, pouring money into infrastructure and other projects in order to lift growth, have been in place since 1998, when China was trying to cushion the effect of the Asian financial crisis.

Now, entirely new challenges have emerged for Chinese policy makers, such as the country's entry into the World Trade Organization, persuading them to carry on with expensive pump-priming measures.

China's statistical office is expected to officially announce economic data for the first quarter on Wednesday.

The growth figure announced by Xiang was roughly in line with a prediction by Prime Minister Zhu Rongji, who said last month the economy would expand 7.5 per cent in the first three months.

It marks a significant improvement from the last quarter of 2001, when the economy expanded by just 6.6 per cent from a year earlier.

Sports Zone holds 'Student Business Fair'

Sports Zone organised an outstanding Student Business Fair on Sunday for the first time in Bangladesh, says a press release.

The fair was held at its Fun Zone on the 8th and 9th floor of the Sports Zone building.

More than hundred students of eight schools exchanged or sold and bought their extra notebooks, pens, pencils, geometric box and books in the fair.

The children enjoyed the whole occasion.

In total, 108 stalls were rented by the students free of cost.

The Managing Director of Sports Zone, Moshiur Rahman, declared that in future more events like this would be held.

Editor of the Prothom Alo Motiur Rahman, inaugurated the fair while eminent theatre personality Ramendu Majumdar was present as special guest.

PHOTO: EXPRESIONS

Motiur Rahman, Editor of the Prothom Alo inaugurates Student Business Fair organised by Sports Zone in the city on Sunday. Eminent theatre personality Ramendu Majumdar and Moshiur Rahman, Managing Director of Sports Zone, are also seen in the picture.