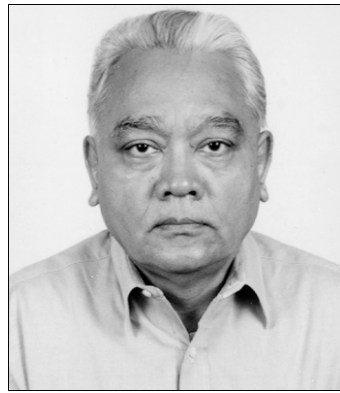


New chairman of BAB



Syed Manzur Elahi, founder chairman of Mutual Trust Bank Ltd. and also chairman of Apex Group, has been unanimously elected chairman of Bangladesh Association of Banks (BAB), says a press release. He was elected at a meeting of the executive committee of the association held in the city on Wednesday. Manzur Elahi was the former advisor of the caretaker government in 1996 and 2001. He was Director of Bangladesh Bank, Sonali Bank and Bangladesh Krishi Bank. He was also the former president of MCCI and Bangladesh Employers' Association.

Recoup possible Tk 200 crore export loss on AJM closure

Business leaders urge PM

STAR BUSINESS REPORT

The country's business leaders have urged Prime Minister Khaleda Zia to take steps to increase the capacity of existing state-run jute mills to recoup the possible export loss arising out of Adamjee Jute Mills (AJM) closure.

Their request was placed as annual export earning from Adamjee was about Tk 200 crore, the business leaders said.

A 25-member business delegation, led by Bangladesh Federation of Chambers of Commerce and Industry (FBCCI) President Yussuf Abdullah Harun, called on the Prime Minister at her office yesterday.

"We have requested the PM to increase efficiency of the jute mills both in private and public sectors to cover up the loss," Yussuf Abdullah Harun told a press briefing at FBCCI

Building after talks with the Prime Minister.

Among others, Commerce Minister Amir Khosru Mahmud Chowdhury, Industries Minister MK Anwar, Jute Minister Major (retd.) Hafizuddin Ahmed were present during the meeting.

The business delegation, among others, included FBCCI directors - M A Rauf Chowdhury, Akteruzzaman Monju, Masuda M Rashid, BTMA President A Matin Chowdhury, BGMEA Vice President Kazi Moniruzzaman, BTTLMEA President Lt. Col. (retd.) Anisuzzaman and BKMEA President Monjurul Haq.

The business delegation also suggested measures for optimum utilisation of the 300 acres of land at Adamjeenagar. The area can be turned into an IT village, RMG village, textile centre, electronics

park or an EPZ, they said.

Welcoming the decision of closure of Adamjee, FBCCI chief said, "Success of future privatisation move will depend on proper handling of the Adamjee."

The business community also urged the Prime Minister to make arrangements for training and appointment of the employees of the closed jute mill and their children on priority basis in the future industrial enterprises.

The business leaders also urged the government to clear the dues of employees of Adamjee Jute Mills in a transparent manner.

The FBCCI president hoped that the government would immediately shift the unused raw materials, finished products, spare parts and other machinery of Adamjee Jute Mills to other public sector jute mills in a transparent way or take necessary

steps to sell those through the Privatisation Commission.

The business leaders also discussed the issue of reducing systems loss in gas and power sectors that is resulting in around Tk 1,500 crore loss every year.

The delegation also requested the PM to take steps to realise defaulted loans so that the banks can reduce the interest rates.

The delegation discussed issues like setting up of agro-based industries, curbing smuggling and improving the law and order situation, the FBCCI president said.

The PM assured the delegation of taking necessary steps for the development of the private sector, privatisation of loss incurring SOEs, realisation of defaulted loans, curbing smuggling and stopping misuse of power and gas, Harun informed.



Rafiqul Islam Khan, managing director of National Bank Limited, and Dr M Asaduzzaman, executive director of Barindh Multipurpose Development Authority, exchange documents after signing an agreement on behalf of their respective organisations at Chhabis Nagar in Rajshahi recently for extension of supervised credit to the farmers of Barindh areas of Rajshahi, Chapainawabganj and Naogaon.

Half-yearly IBBL confce held

The half-yearly conference of heads of zones, corporate branches and branches under Dhaka South and North Zone of Islami Bank Bangladesh Limited was held in the conference room of the bank on Thursday, says a press release.

A N M A Zaher, Chairman of Executive Committee of the bank, was the chief guest while Abdur Raquib, executive president, presided over the meeting.

Mominul Islam Patwary, director, Principal Muhammad Serajul Islam, member assistant secretary of Shariah Council, Nasruddin Ahmed and Md Velayet Hossain, deputy executive presidents, Mohammad Nurul Islam, Md Fariduddin Ahmad, M Tajul Islam, A T M Harun-ur-Rashid Chowdhury, M Nurul Amin, Md Shamsul Haque and Md Shahjahan, executive vice presidents and top executives, zonal, divisional & departmental heads and branch managers attended the meeting.

A N M A Zaher, the chief guest, urged upon the managers to continue the progress of the bank through increasing productive, welfare oriented and qualitative investment to contribute for strengthening the economic condition of the country.

Abdur Raquib urged the managers to invest in priority based sectors including agro-based industries, transport and food processing industries.

Shell launches recruitment web page

Shell Bangladesh Explorations and Development BV (SBED) has launched a recruitment web page in collaboration with bdjobs.com, says a press release.

The site www.bdjobs.com/shell was introduced on July 1, 2002 which invites interested applicants to place their resumes at the site.

The SBED shall no longer accept applications given in other than through this online job application system.

Canada planning to grant debt swap to Pakistan

REUTERS, Islamabad

Canada said Wednesday it was planning to allow poverty-stricken Pakistan to spend most of the money it owes Canada on social sector development.

"The debt swap will allow the much needed social development programme to take place," Canadian Minister for International Development Susan Whelan told a news conference, also attended by Pakistani Finance Minister Shaukat Aziz.

Pakistan, which owes C\$ 558 million (US\$ 365 million), hopes Canada will soon sign a debt-swap agreement allowing it to spend C\$ 447 million on health, education and poverty reduction projects against the loan money.

"Hopefully in the next few months their cabinet will process this," Aziz said, adding that Pakistan was also setting up a Social Sector Development Facility (SSDF) Board with members from donor countries to oversee the implementation of debt swap programmes.



A N M A Zaher, chairman of Executive Committee of Islami Bank Bangladesh Limited, addresses as chief guest the inaugural session of the half-yearly conference of heads of zones, corporate branches and branches under Dhaka south and north zones of the bank held in the city on Thursday.

Indian economic fundamentals sound: New finance minister

AFP, New Delhi

India's new Finance Minister Jaswant Singh on Thursday said he hoped to build the fundamentals of the economy, which he said were strong except for one or two areas such as the fiscal deficit.

"We have achieved a growth of 5.4 per cent last year which is not a mean achievement despite several adverse factors," Singh told reporters shortly after taking office.

"I do believe the fundamentals are sound. I will endeavour to strengthen the fundamentals."

In response to a query on the high fiscal deficit of 5.9 per cent of gross domestic product (GDP) last financial year, Singh said this was

one of the key areas which needed to be addressed.

The high deficit has sucked out government funds which could have been used to build infrastructure, thereby increasing industry's production demand.

"I will try to strengthen confidence among domestic and foreign investors as well as industry and commerce, Singh said.

India's 5.4 per cent economic growth for the year to March 2002 is down on the average 6.5 per cent growth during the late 1990s and far short of the government's long-term target of 9.0 to 10 per cent.

India's central bank said last week that the country's GDP growth rate would maintain an upward

trend to a robust 6.5 per cent for the financial year ending March 2003.

Economists also feel that 6.5 per cent growth is within reach in the coming financial year with Singh at the helm, given that the world economy is on the mend.

One of the priority areas for Singh will be to rein in the fiscal deficit which soared to 5.9 per cent of GDP in the financial year ended March, from a targeted 4.7 per cent.

Analysts said the previous finance minister Yashwant Sinha, who switched portfolios with Singh on Wednesday to become foreign minister, had managed to get many critical reforms outlined in budget policy proposals, but had been short on delivery.

\$5m WB loan for Bangladeshi poorest

The World Bank announced the approval of a US\$5 million loan for a pilot project, called "Financial Services for the Poorest", to bring micro-credit to Bangladesh's poorest of the poor, says a press.

The project, to be financed by a World Bank Learning and Innovation Loan, will help determine if micro-credit can effectively help the poorest increase their income and quality of life, and whether programmes aimed at this group can be sustainable.

Typically excluded from traditional micro-credit programmes, the poorest of the poor are defined in this case as those who belong to the bottom 10 per cent of the population and include landless, assetless or unemployed poor, elderly, disabled, beggars, and women-headed poor households, among others.

The project will focus on finding innovative ways to deliver financial services to the poorest of the poor.

The funds will be administered by Palli Karma-Sahayak Foundation (PKSF) through twenty of its Partner Organizations (POs) with the target of reaching around 60,000 poorest new borrowers.

Its methodology and design will be undertaken by the POs within the broad guidelines set by PKSF. Some of these POs have already begun micro-credit delivery to the poorest, but have requested technical assistance and financing to increase their capacity and outreach.

Around US\$3 million will be used for micro-credit, while the remaining funds will be used to build capacity among the poorest borrowers, and in PKSF and POs; to set up a Disaster Fund for the Poorest; and to monitor and evaluate the project.

The project will provide additional support to borrowers to help them use micro-credit safely and effectively.

Total project costs are US\$6.00 million. Of this, US\$5 million will be provided by the World Bank's International Development Association as an interest-free loan. The remaining US\$1 million will be provided by PKSF and the twenty POs.

FedEx becomes ORBIS' primary aviation sponsor

ORBIS, a non-profit organisation operating the world's only "flying eye hospital", is set to begin a new round of missions to end avoidable blindness in developing countries with the help of FedEx Express, says a press release.

FedEx Express is helping to deliver sight worldwide as it becomes ORBIS's primary aviation sponsor.

Using a converted DC-10 as a central training facility, ORBIS transports a state-of-the-art medical school to areas where access to medical treatment is extremely limited. In the DC-10's operating room, ORBIS's volunteer medical teams, comprising top ophthalmologists from around the world, work side-by-side with local doctors. More than 24,000 patients in 18 countries have had sight restoring surgery performed by ORBIS.

FedEx Express, a long-time contributor to ORBIS, is expanding its support by providing aviation-related service to ensure that ORBIS continues its global missions.

ORBIS's flying eye hospital will be in Bangladesh from September 15 to October 3 this year.

WorldCom to consider 'serious' sale offers for assets

AFP, Washington

Troubled telecom giant WorldCom said Wednesday it will consider any serious offers for its assets, but is unlikely to consider selling its "core" consumer phone and fiber optics units.

A WorldCom spokeswoman made the statement after IDT Corp announced it has made formal bids to acquire the MFS and Brooks Fiber units and the MCI unit from the troubled telecom company for around five billion dollars.

IDT said it may seek a partner in its bid for WorldCom assets that might be either purely for financing

or another telecommunications company. IDT said it called on WorldCom to make a swift decision in order to prevent service disruption and a fall in the units' value.

The WorldCom spokeswoman confirmed that its wireless resale business is up for sale.

Although WorldCom chief executive officer John Sidmore was at pains to stress Tuesday that the company has no immediate cash problems with over two billion dollars on its balance sheet, it is in need of fresh financing.

Sidmore said he hopes to draw up a loan proposal with banks by the end of the week.

Global recovery on track despite risks: IMF MD

AFP, Frankfurt

IMF Managing Director Horst Koehler said Wednesday that global economic recovery remained on track and that growth should further accelerate in the second half of this year.

Speaking to journalists, Koehler indicated the International Monetary Fund was worried about the recent drops on US stock markets, which could brake consumer spending and cut investment.

"The risk is whether consumption remains stable and if investment moves upwards," he said.

Koehler said further dangers come from the high current account deficit in the United States, a major imbalance for the economy, and said he was also concerned over US budgetary over-spending.

He described the budgetary situation there as "worrying" and urged the US to get its fiscal situa-

tion under control by imposing fiscal discipline.

Koehler declined to give any exact information on the IMF's forecasts, but he said the likelihood is that the IMF will raise its forecasts slightly for the United States and Asia, but cut them slightly for Latin America.

The head of the IMF said economic recovery in the euro zone was taking place at a slower rate than hoped for and was not spectacular.

He said this meant a rate hike by the European Central Bank, which most economists predict by the end of the year, was not a top priority for the bank.

"The ECB is aware that there is the phenomenon of deflation as well as inflation," Koehler warned.

He added it was vital that European Union governments adhere to the stability and growth pact and ensure that its credibility was not damaged any further.

Moody's downgrades 8 Japanese insurers

AFP, Tokyo

Moody's Investors Service cut the insurance financial strength ratings of eight major Japanese non-life insurers and reinsurers Thursday due to tough economic and business conditions.

"Despite the limited cyclical nature of the P and C (property and casualty) industry in Japan, the sluggish macro-economic environment has led to slow industry growth, low investment returns and increasing volatility of asset portfolios," the New York-based ratings agency said in a statement.

"Furthermore, the Japanese P and C industry is facing challenges in managing the new competitive environment, and business integrations that have not been experienced in the past," it said.

Although firms were adopting well to the challenges, they had heightened risks facing the industry. The landscape of Japan's non-life insurance industry has changed radically in recent months following mergers between leading firms in a bid to survive poor economic conditions and weak earnings.

Competition was healthy from a consumers standpoint but it also pressured insurers' profitability, Brian Oak, managing director of the rating group at Moody's Japan told AFP.

On July 1, Yasuda Fire and Marine Insurance Co. Ltd. and Nissin Fire and Marine Insurance Co. Ltd. joined forces to form the nation's second largest insurer in terms of premium revenue, Sompo Japan Insurance Inc.

Industry leader Millea Holdings Inc. was created in April after Tokio Marine and Fire Insurance Co. Ltd. integrated operations with smaller rival Nichido Fire and Marine Insurance Co. Ltd.

The September 11 terrorist attacks on New York and Washington also dealt a painful blow to the industry, leading to a spate of claims.

"Certain companies such as Aioi (Insurance Co. Ltd.)... were hit pretty hard by the terrorist attacks because of their exposure to (US reinsurance agent) Fortress," Oak said.

But the non-life insurance industry should be able to survive even if Japan's operating environment deteriorates further, predicted Oak.

"The sector is pretty highly rated as the industry is less cyclical than others... Their conditions are relatively strong, their financial conditions are relatively healthy."

Moody's downgraded the insurance financial strength of Tokio Marine to Aa2 from Aa1, while that of merger partner Nichido Fire was cut to Aa3 from Aa2.

NBL, BMDA sign deal on extension of supervised credit to farmers

Barindh Multipurpose Development Authority (BMDA) has signed a memorandum of understanding with National Bank Limited (NBL) for extension of supervised credit to the farmers of Barindh areas of Rajshahi, Chapainawabganj and Naogaon districts.

Rafiqul Islam Khan, managing director of National Bank Ltd., and Dr M Asaduzzaman, executive director of Barindh Multipurpose Development Authority, inked the deal on behalf of their respective organisations at a ceremony at Chhabis Nagar in Rajshahi recently, says a press release.

Under the accord, NBL will continue the scheme upto June, 2006.

The supervised credit programme has been in operation in Tanor, Poba, Godagari of Rajshahi, Chapainawabganj, and Naogaon districts since 1992.

Sixteen thousand farmers so far got the benefit of this rural credit programme.

National Bank is the only private sector bank associated with the rural credit programme of Barindh Multipurpose Project.

A signing ceremony was held at Chhabis Nagar High School ground

Dr M Asaduzzaman was the chief guest while Rafiqul Islam Khan was the special guest.

The ceremony was presided over by Mokbul Hossain, headmaster of Chhabis Nagar High School.

Oil giants sign \$20b China pipeline deal

REUTERS, Beijing/Hong Kong

China signed a deal Thursday with oil giants led by Royal/Dutch Shell to pipe natural gas 4,000 km (2,500 miles) from northwestern deserts to the booming eastern metropolis of Shanghai which will help reduce dependence on heavily polluting coal.

The \$20 billion pipeline will begin at the Tarim Basin in the deserts of Xinjiang, wind through eight regions and provinces and cross China's two largest rivers -- the Yellow and the Yangtze before arriving at Shanghai.

The government hopes the project, in addition to feeding a rapidly growing appetite for energy on the wealthy east coast, will wean millions of homes and businesses from coal responsible for huge amounts of choking smog.

The pipeline is scheduled to deliver its first gas to Shanghai in early 2004 and will eventually pump 12 billion cubic metres.

Shell, joined by US major ExxonMobil and Russia's Gazprom, signed the framework joint venture agreement with PetroChina and Sinopec in Beijing's Great Hall of the People, PetroChina told reporters in Hong Kong.

While Shell had been considered the lead partner, each of the three foreign firms will hold a 15 per cent stake in the 4,000-km (2,500-mile) pipeline.

Critics had wondered if the project made economic sense, saying proven reserves appear too low, extraction too costly and the price of natural gas for consumers too high.