

## FBCCI rules overhauled Opponents to make new proposals

RAZIUR RAHMAN

The commerce ministry recently issued an order making provision for indirect election to the post of president of the country's apex trade body - Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) - and asked the trade body to convene an Extraordinary General Meeting (EGM) to endorse the change.

The move was taken on long-standing demands for reform in the country's apex trade body and allegations that money and politics play a significant role in the election process of the FBCCI, business sources said.

However, the ministry order drew flak from a section of the executive committee members of the FBCCI. At its board meeting yesterday, a section of FBCCI directors opposed the commerce ministry order outright while some others partially supported it, meeting sources said.

But FBCCI President Yussuf Abdullah Harun after the meeting told newsmen, "The government

has made the amendment to make the FBCCI stronger, not in the interest of any person or group."

According to the commerce ministry's order, 24 elected directors, 12 each from chamber group and association group, and 14 nominated directors - seven each from chamber group and association group, would elect the president and two vice-presidents.

However, the nominated candidates will not be eligible to be elected as president or vice-presidents.

As per existing system, the FBCCI members directly elect their president, one vice-president and 30 directors - 15 from chamber group and 15 from association group.

According to the new rules Dhaka, Chittagong, Rajshahi, Sylhet, Barishal, Khulna chambers and Metropolitan Chamber would nominate one director each to the FBCCI board.

Similarly, Bangladesh Garments Manufacturers and Exporters

Association (BGMEA), Bangladesh Textile Mills Association (BTMA), Bangladesh Frozen Foods Exporters Association (BFFEA), Bangladesh Jute Mills Association (BJMA), Bangladesh Association of Banks (BAB), Bangladesh Insurance Association (BIA) and Bangladesh Aushad Shilpa Samity (BASS) would nominate one director each to the FBCCI board.

Commerce Minister Amir Khosru Mahmud Chowdhury told The Daily Star yesterday that the government decided to have nominated directors in FBCCI for well representation of every area and important sectors.

"In the past, money played a significant role in the FBCCI elections. The new rules of FBCCI election will stop it", hoped a commerce ministry official.

However, the FBCCI board yesterday decided to submit its own suggestions regarding reform in the electoral system to the ministry and formed a seven-member committee to come up with a guideline regarding the reform. The committee would submit its report by Thursday

to the FBCCI board and then send that to the ministry.

The ministry issued the order on July 31 amending the memorandum of article of the FBCCI and sent the order to FBCCI on the same day. The ministry in its order has also asked FBCCI to hold its EGM and include the amendment in its memorandum of article within 45 days of issuing the order.

The ministry has also set a deadline for holding FBCCI election, which have to be held within 90 days of EGM under the new rule.

As per the new rule, the election to the executive committee of FBCCI should be held before the expiry of the tenure of the committee. The tenure of the incumbent FBCCI committee ends on November 15.

According to sources, the ministry issued the order making some changes in the recommendation from the Trade Body Reform Committee comprising business leaders that submitted its report on July 11.

## Saifur threatens 'regimented interest rate' for banks

### New pvt banks, foreign ones under fire for high lending rate

STAR BUSINESS REPORT

Finance and Planning Minister M Saifur Rahman hinted that the government might slap a 'regimented interest rate' on the banks if those do not lower the lending rate to support growth of the real economy.

He also said the government will make laws limiting the banks to declare dividends if those do not have paid-up capital of minimum Tk 100 crore.

The minister was addressing a function organised by state-owned Janata Bank to accord a reception to its prime customers at Dhaka

Sheraton Hotel Saturday night.

Saifur Rahman also formally inaugurated the bank's 24-hour automated teller machine (ATM) service at the function.

Finance Secretary Zakir Ahmed Khan, Chairman of Janata Bank M Ayubur Rahman and its Managing Director Murshid Kuli Khan and the entrepreneurs who received prime customer awards from the bank also spoke on the occasion.

Saifur Rahman said the new private banks and foreign ones have the scope to lower the lending rate as those are free from the curse of defaulted loans which are putting burden on the nationalised

commercial banks (NCBs).

"In this context, if the private banks and foreign ones do not lower the lending rate, I will go for regimented interest structure," Saifur Rahman threatened.

Now, the banks are free to set their own interest rates on lending as well as deposit. If the government opts for 'regimented interest structure', it would mean reversal of an earlier system where the central bank used to fix a range for the banks to fix the rates.

The minister came down heavily on the new private banks for what he said their weak capital base. "These banks declare as high as 30-40 per cent dividend. This is

really absurd. I will make law so that no bank can declare dividend over a certain limit if those do not have capital base of Tk 100 crore."

The minister said banking sector needs dynamism and for that two or three banks should opt for merger and create a single bank with strong capital base.

Drawing attention of the entrepreneurs present at the function the finance minister said, "You people can encourage private banks to go for merger."

He also said, "You people (businessmen) talk of private sector-led growth, but come to the public sector banks for financing your projects."

## Textile ministry holds talks on setting up Garment Palli

BSS, Dhaka

A high-level meeting of the Textiles Ministry yesterday, discussed the modus operandi of implementing the Garment Palli (village) project in Rugganj upazila of Narayanganj district as per the directive of Prime Minister Begum Khaleda Zia.

The meeting discussed about land acquisition, gas and power supply, telephone connection, road construction and other facilities to be provided to the Garment Palli, said an official release.

Textiles Minister Abdul Matin Chowdhury chaired the meeting attended by State Minister for Textiles Mizanur Rahman Sinha, Textiles Secretary Aminur Rahman, president of BGMEA Kutubuddin Ahmed and senior officials concerned.

At the meeting, the BGMEA proposed for creating facilities like those of the Export Processing Zone (EPZ) in the Garment Palli.

The Textiles Minister said the government would provide all facilities for developing the Garment Palli as textile industries had huge contribution to the national economy.

He said density of population, traffic jam and environment pollution would largely be reduced in Dhaka city after the establishment of the Garment Palli in Rugganj. It will also ensure good working atmosphere, security, healthy environment and other services for the workers, he added.

## US treasury secretary sees stock recovery

AFP, Washington

US Treasury Secretary Paul O'Neill on Saturday moved again to reassure US investors, promising them that their shrunken stock market accounts would recover.

"We have had two straight quarters of solid growth," O'Neill wrote in an article published in The Washington Post.

"Consumer spending has stayed strong, and business investment is picking up," he said. "As our economy continues to grow at a healthy pace, Americans will see their incomes and their retirement accounts grow as well."

He said the administration of President George W. Bush would continue to advance "an agenda of economic freedom and opportunity tied to accountability."

On Wednesday, the US government reported that second-quarter growth had slowed to a 1.1 per cent annual rate from a 5.0 per cent rate in the first quarter, prompting speculation that the US economy might be headed for a double-dip recession.

These fears helped push the Dow Jones Industrial Average down 193.49 points, or 2.27 per cent, Friday in a volatile session during which the index slumped as much as 300 points.

The Standard and Poor's 500 index sank 20.42 points, or 2.31 per cent, and the Nasdaq composite shed 32.08 points, or 2.51 per cent.

But the treasury secretary appeared unfazed by these developments and moved forcefully to refute worries about the economy.

## 500 industries without BSTI licences in 10 districts

STAFF CORRESPONDENT, Khulna

Over 500 industrial units of ten districts in the country's southwest region do not have licences from the Bangladesh Standard and Testing Institution (BSTI).

As a result, the government is losing revenue earnings of about Tk 50 lakh every year. Besides, the BSTI is yet to realise outstanding licence fees of nearly Taka 40 lakh

from different industrial concerns, said an official source.

According to the source, there are at least one thousand small, medium and big industrial units in the districts, of which, only 314 have licences.

The BSTI earned Tk 35 lakh as licence fees from the 314 industrial units in the last financial year. During the current fiscal year, the target for earning Tk 41 lakh has been fixed, the source said.

Besides, there are instances that owners of many industrial units are yet to renew their licences, which led to non-realisation of Tk 40 lakh renewal fees. Khulna Newsprint Mills, the biggest such defaulter, owed BSTI Tk 18 lakh in licence renewal fees, the source said.

The BSTI source said licences of 150 industrial units are now under process.



Syed Anisul Huq, managing director of Bank Asia Ltd, distributed micro-credits among the bank's customers under 'Poverty Alleviation Scheme' at a simple ceremony held at Tarail branch in Kishoreganj recently. Picture shows the loan recipients and bank executives.

## Sri Lanka optimistic about Malaysian investment

AFP, Colombo

Sri Lanka is hoping a visit by a Malaysian government minister will lead to new investment, officials said Sunday.

Malaysia's Minister of Works, S. Samy Vellu, is due to arrive in Colombo on Monday for a two-day visit. He will hold meetings with Sri Lankan Prime Minister Ranil Wickremesinghe, Foreign Minister Tyrone Fernando, Defence Minister Tilak Marapone and Economic Reforms Minister

Milinda Moragoda.

"We shall discuss with the Malaysian minister possible Malaysian investments in the water, transport and road sectors," Ananda Kularatne, minister for southern regional development, told AFP.

The government has been hoping for Malaysian investment in the island since a ceasefire with Tamil Tiger rebels came into effect in February.

Tourist officials said there had been an 82 per cent increase in

Malaysian tourists to the island during the first four months of this year compared to the same period last year.

On Sunday Malaysian Airlines resumed flights to Colombo, which were stopped after Tamil guerrillas attacked Sri Lanka's only international airport on July 24 last year.

The airline will operate a twice weekly service to Colombo via the Maldives, airline officials said.

Several international airlines pulled out of Sri Lanka after the devastating airport attack.

## Multibillion dollar Saudi gas projects hang in balance

AFP, Riyadh

Saudi gas projects hang delicately in the balance as the kingdom weighs difficult options to decide the fate of the 25-billion dollar investment, industry sources said Saturday.

Riyadh faces the dilemma of wanting to see the projects go through to open the door for much-needed foreign direct investments, but is unwilling to sign a deal that could be seen as wasting national resources, a Saudi economist said.

The eight foreign companies which signed a preliminary agreement in June last year with Saudi Arabia want to see that every component of the complicated projects is profitable on its own, the economist told AFP.

Several rounds of talks between the two sides have been held, culminating in a meeting mid July between the ministerial committee and the CEOs of ExxonMobil and Royal Dutch/Shell, Lee Raymond and Phil Watts.

According to the Middle East Economic Survey (MEES), the ministerial committee, headed by Foreign Minister Prince Saud al-Faisal, was to hold a crucial meeting on Sunday to review the situation.

The committee was expected to study offers from foreign oil majors about their "final position" and then make recommendations to the country's de facto ruler, Crown Prince Abdullah bin Abdul Aziz.

Prince Saud has said an appropriate decision serving the interests

of the kingdom will be taken on the basis of the offers, asserting the projects will go ahead under all circumstances.

"I think that unless a major development takes place, the issue will have to go to the Crown Prince for a political decision," an oil executive told AFP.

Profitability, risks involved in the investments expected to last 25 to 30 years, and details about the "rate of return" from power plants, water desalination and petrochemicals were at the core of the tough negotiations.

Companies have been offered some 10 to 12 per cent as a rate of return, but are demanding up to 18 per cent.

## Regent Textile going public to raise Tk 3cr

STAFF CORRESPONDENT, Ctg

Regent Textile Mills Ltd (RTML), the lone 100 per cent export-oriented textile industry in Chittagong, is going to issue initial public offerings (IPO) next month.

The company will float shares worth Tk. 3 crore on the share market.

This was disclosed at a function organised to mark the mills' 4th year of operation on its factory premises Thursday.

Commerce Minister Amir Khasru Mahmud Chowdhury was chief guest at the ceremony, which was presided over by Managing Director of RTML Golam Akber Khondoker. The RTML would also announce a 12 per cent advance dividend for the shareholders while a portion of the share would be kept reserved for the employees of the mills as per their demand.

The commerce minister underscored the need for setting up more backward linkage textile industries that can support increased production of apparel for boosting export.

In the year 2001, the RTML MD said, the company had a turnover of Tk. 42.5 crore making a net profit of Tk. 5.5 crore and in the current year it targets a turnover of Tk. 60 crore and net profit of Tk. 6.5 crore. RTML General Manager Mohiuddin Khan, local BNP leaders Ahmed Khalil Khan and Shahjahan Siraj also addressed the function where RTML directors Golam Kader Khondoker, Golam Sarwar Khondoker and Chief Executive of Chittagong Stock Exchange Maruf Matin were also present.

## Bank Asia opens rural branch at Tarail

Bank Asia has opened a rural branch at Tarail in Kishoreganj. With this, the total number of branches of the bank now stands at 2, says a press release.

Inaugurating the branch recently, the Managing Director of the Bank, Syed Anisul Huq distributed micro-credit loan to 35 borrowers under poverty alleviation scheme.

Under the scheme, five persons in a group are given small credits to be repaid on weekly installments.

Besides, the bank is developing banking software to provide modern banking services to the both rural and urban branches by installing Wide Area Network (WAN) covering all the branches.

## UPS launches new export rate guide for Bangladesh

United Parcel Service recently launched its New Export Rate Guide for Bangladesh, says a press release.

At a simple ceremony at its Bangladesh Agent Office, Air Alliance Ltd, a New Rate Guide was officially introduced and prices to be effective since July 2002.

Managing Director of Air Alliance Ltd, Rezaur Rahman, said "UPS is among the Top 50 Fortune 500 companies, not only No 1 in its own industry the company has ranked among top 10 globally admired companies for last few years."

When a company of UPS's size, magnitude and resources plans to have presence in any market, it can be generally inferred that the host country's business atmosphere have had sustained a minimum level of maturity.



Chairman of Delta Life Insurance Company Limited Monzurur Rahman presides over the 16th annual general meeting of the company in the city on Wednesday. Managing Director Das Deba Prashed (L) and Company Secretary Sultan-ul-Abedine Molla (R) are also seen in the picture.

## Drought may cut Indian growth

AFP, New Delhi

Indian industry on Sunday said a withering drought was likely to shave up to one percentage point off annual economic growth rate, bringing it down to between 5.0 and 5.4 per cent in the financial year ending next March.

Prior to the drought, industry had predicted the economy would grow by six per cent, ending a sluggish two years.

"With the delay in monsoons and the declaration of drought in many states, growth of the overall economy is likely to end up between 5.0 to 5.4 per cent," the Confederation of Indian Industry (CII) said, after a snap poll of business leaders.

The industry said its sales and profits were likely to remain at

between 10 and 20 per cent during the financial year.

Thirteen of India's 29 states have been declared drought-stricken, including the country's bread basket northern states where many crops have been destroyed.

The government has already said the drought is the worst in 12 years and warned the impact on agricultural production could bring overall gross domestic product growth down by 0.5 per centage points.

A fall in rural incomes and purchasing power is bound to hit industrial sectors such as cement, tractors, two-wheelers and fast-moving consumer goods, economic experts say.

## Japan proposes \$8.3b tax cut Bid to spur recovery

AFP, Tokyo

Japan's Finance Minister Masajuro Shikawa on Saturday proposed a tax cut of more than one trillion yen (8.3 billion dollars) to help spur the country's slow recovery from recession.

Press reports said, meanwhile, that his ministry was softening planned curbs on public works spending as ruling party stalwarts oppose a huge cut in the expenditure which they see as a means of kick-starting the flagging economy.

"We wish to implement a tax cut of more than one trillion yen with regard to investment in capital

spending and research," Shikawa told a symposium in Osaka.

At the same seminar, State Minister for Economic and Fiscal Policy Heizo Takenaka said: "We should consider tax cuts on a solid scale."

Prime Minister Junichiro Koizumi said Thursday he was ready to cut taxes to stimulate the economy. He also said he would abandon a controversial 30 trillion yen cap on new government bond issues in the next financial year starting in April.

His economic advisors on Friday also emphasized the importance of tax cuts as means of revitalising the domestic economy.

## Delta Life declares 42.50pc dividend

Delta Life Insurance Company Ltd has declared a 42.50 per cent dividend for the shareholders for the year 2001.

The dividend was approved at the 16th annual general meeting of the company held in the city on Wednesday, says a press release.

The chairman of the Board of Directors of the company Monzurur Rahman presided over the meeting.

The meeting approved the annual accounts and balance sheet for the year 2001.

The total revenue of the company increased by over 14 per cent to Tk 155.90 crores and gross premium increased by 10.77 per cent to Tk 133.20 crore in 2001.

The life fund has increased to Tk 342.75 crore and the total assets of the company stood at Tk 394.19 crore at the end of the year. The company also settled claims worth Tk 23.66 crore during the same period.

Speaking on the occasion, the chairman appreciated the services of all employees for the over all progress of the company.

Das Deba Prashed, managing director, also spoke on the occasion.

Monzurur Rahman has been unanimously re-elected chairman of the Board of Directors of the company at a meeting of the Board of Directors held the city on Thursday.

## Kuwait's current account surplus plunges by 40pc

AFP, Kuwait City

Kuwait's current account surplus plunged 42 per cent to 2.63 billion dinars (8.7 billion dollars) last year as oil export receipts and income from overseas investments both declined, the emirate's biggest bank said Saturday.

Although lower, the emirate's "substantial" current account surplus was still the second largest since Kuwait was liberated from occupying Iraqi forces in 1991, exceeded only by that recorded in 2000.

"Lower oil prices and a decline in interest rates were the main reasons behind the 42 per cent decline in the current account surplus seen during 2001," the National Bank of Kuwait said in a report.

"Oil export receipts fell by 18 per cent on the back of a 17.2 per cent decline in crude exports and a 2.5 per cent decrease in Kuwait's official OPEC quota," it added.

Oil exports, at 4.59 billion dinars (15.1 billion dollars), remained relatively high, the report noted.

OPEC-member Kuwait currently has a production quota of 1.741 million barrels per day.

"Investment income, mainly earnings from government investments abroad and income from Kuwait Petroleum Corporation (KPC)'s international operations, stood at 1.52 billion dinars (five billion dollars), down 26 per cent from the previous year," NBK said.



Photo shows participants attending a sales conference of Apex Footwear Ltd held at a city restaurant recently. The conference was also attended by Syed Manzur Elahi, chairman of Apex Footwear Ltd, Syed Nasim Manzur, managing director, directors, general manager of marketing and other officials of the company. In the conference, best-performing outlets were awarded by the chairman.