

## FBCCI for direct election to board

### Apex trade body submits proposals to commerce ministry tomorrow

#### STAR BUSINESS REPORT

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is going to formally urge the commerce ministry to make necessary provisions for direct election to all the sector and area-wise posts of its board members.

A board meeting of the FBCCI yesterday decided to suggest the ministry to divide 70 chambers into six divisional groups and 191 associations into 14 sectors. And according to FBCCI proposal, chambers under different groups and associations under different sectors will directly elect 38 directors, 19 each from both chamber and association groups.

The commerce ministry recently issued an order making provision for indirect election to the posts of president and two vice presi-

dents of the country's apex trade body. As per the order, 24 elected directors, 12 each from chamber and association groups, and 14 nominated directors will elect the president and two vice-presidents.

The FBCCI board meeting yesterday, however, unanimously accepted the provision for indirect election to the posts of president and two vice-presidents.

The commerce ministry order named seven chambers and seven associations that would nominate a director each for the FBCCI board.

"The provision of nomination would not be a transparent one for which we have decided to give such suggestion," FBCCI President Yussuf Abdullah Harun told journalists after the meeting.

As per existing system, the FBCCI members directly elect their president, vice-

president and 30 directors -- 15 from chamber group and 15 from association group.

Yussuf Abdullah Harun said the FBCCI would submit its suggestions to the commerce ministry for consideration on Saturday. "We hope the government would agree with us," he said.

Meanwhile, a section of members of different associations yesterday staged a sit-in inside the Federation Bhaban protesting the commerce ministry order.

When asked about their demand, the FBCCI president said, "Reform can never be done unanimously".

As per the FBCCI suggestion 70 chambers of the country would be divided into 6 divisional groups while 191 associations would be categorized into 14 sectors. Each chamber will cast six votes to elect 19 directors while each association will cast five

votes to elect the rest of 19 directors.

Out of the nineteen board members of chamber group, six would be elected through direct vote of 21 chambers of Dhaka division, five from Rajshahi division, three from Chittagong division, three from Khulna division, one each from Sylhet and Barisal divisions.

Five members of each of the 24 associations of Agriculture and Agro-based sector will elect two directors; 19 associations of service sector will elect two directors; industry sector will elect 3 directors and 21 associations of trade sector will elect 2 directors.

Similarly export, garment, jute, paper, printing and packaging; pharmaceuticals, cosmetics and toiletries; transport, financial; ICT; textile and construction sectors will elect one director each through direct election.

## Japan to set up computer recycling plant in Comilla EPZ

BSS, Dhaka

Japan will establish a computer recycling plant in Comilla EPZ, said a release of the Bangladesh Export Processing Zones Authority (BEPZA).

The decision to that effect was taken when a Japanese investors' team called on Executive Chairman of the BEPZA Brig General (Retd) M. Mofizur Rahman yesterday.

The members of the Japanese team are Hironori Ishii, Director, Kiyari and Yuji Takahashi, Director, Izawa Shoji Co., Ltd.

The computer recycling plant, first of its kind in Bangladesh, will bring used computers from abroad and will replace the defective parts with new ones.

This is the first project under the BEPZA's programme for investment diversification in the EPZs of Bangladesh.

These computers will be exported mainly to China, Japan, India and Hong Kong.

Big Mofiz said, BEPZA will support wholeheartedly to establish this kind of industries in EPZs.

## UK to help set up foreign trade institute in Dhaka

BSS, Dhaka

The United Kingdom (UK) has given positive indications to finance establishment of a foreign trade institute for strengthening the country's economic diplomacy.

Department for International Development (DFID) of UK, following a number of meetings with the Ministry of Commerce, has recently commissioned a study to assess the exact needs for setting up the proposed Bangladesh Foreign Trade Institute (BFTI), sources in the ministry told BSS yesterday.

The European Commission (EC) has meanwhile committed financial assistance worth three million euros and technical support for the institute, a proposed think tank both for the private and public sectors to help understand, analyse and negotiate domestic and international trade issues, the sources said.

Besides helping the private sector in developing research and market strategies, the institute would equip the officers with adequate knowledge and expertise to effectively look after the country's economic and commercial interest in its missions abroad.

In November last, the EC showed the interest in setting up the institute during the EC-Bangladesh Joint Commission meeting held in Dhaka.

In February last, Commerce Minister Amir Khosru Mahmud Chowdhury met the British Minister for Overseas Development Hilary Benn in London. The commerce minister, during the meeting, apprised Benn the urgency for setting up such an institute in Bangladesh, the sources said.

## BIBM course concludes

A 10-day training course on "Loan Monitoring & Recovery Techniques" organised by Bangladesh Institute of Bank Management (BIBM) concluded Tuesday, says a press release.

A total of 39 participants from different banks took part in the course. Dr Mohammad Sohrab Uddin, Director General of BIBM, chaired the concluding session of the course and awarded certificates to the participants.



PHOTO: RAHIMAFROOZ

Feroz Rahim, managing director of Rahimafrooz, inaugurated a dealers' convention at a city hotel recently. M Ismail, managing director of Rahimafrooz Distribution Ltd, Mudassar Moin, chief operating officer, Afroz Rahim, chairman, and Niaz Rahim, director, also attended the programme.

## BB allows individual funds in treasury bill auction

BSS, Dhaka

Bangladesh Bank has decided to allow individual investors and organisations to place their funds in government treasury bills where only banks and financial institutions have so long been allowed.

The central bank has issued a circular on Wednesday saying that this will open an opportunity for investors or organisations who are now facing difficult time with their pension funds following the suspension of institutional investment in government's savings schemes.

One central bank official said the BB move has been taken in line with the IMF plan for the development of a secondary money market to increase marketable securities a

precondition for the development of a term money market.

Most of the pension funds of individuals and organisations were placed in government savings certificates which are non-negotiable money instruments, playing an abnormally high role in the financing of government deficit.

The government recently cut interest rates of various schemes and suspended institutional investments in such non-negotiable bills in line with the IMF plan.

A well-knit secondary money market is needed by the local commercial banks and financial institutions for trading in short-term securities for smooth management of liquidity without the central bank.

The central bank officials said

any individual or organisation in Bangladesh from now would be able to place their funds in government's 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills at market rates.

Such investors are invited to submit their bids in the weekly auction of treasury bills normally held on every Sunday with the Bangladesh Bank, the BB statement said.

At present, the government borrows money from banking system through treasury bills in line with its monetary programme. Most of the commercial banks and non-bank financial institutions submit competitive bids in such bills to place their surplus funds.

## Rahimafrooz holds dealers' convention

Rahimafrooz, market leader in automotive tyre and battery, held its annual dealers' convention at a city hotel recently, says a press release.

Feroz Rahim, managing director and CEO of Rahimafrooz inaugurated the convention.

More than 130 dealers from across the country attended the convention.

M. Ismail, managing director of Rahimafrooz Distribution Ltd, narrated the company's objectives.

Mudassar Moin, chief operating officer of Rahimafrooz Distribution Ltd, highlighted the company's achievements and business activity for the next year.

Annual incentive and prizes were distributed to the dealers.

The programme was also attended by Afroz Rahim, chairman and Niaz Rahim, director.

## Sonic Allied launches stationery

STAR BUSINESS REPORT

Sonic Allied Industries Ltd yesterday formally launched its new class stationery items.

"We have as many as 20 stationery items like files, conference folders, computer data binders, clips-systems, ring binders, loose-leaf-holders, expanding files, clear books, business card holders, photo albums, clip boards, pen and pencil boxes and document cases for use in schools, colleges, offices and houses," Syed M Altaf Hossain, chairman of Sonic allied Industries Ltd, told a product launching ceremony.

He also said the products of his company are environment-friendly and recyclable. Bazlul Mobin Chowdhury, vice-chancellor of the Independent University of Bangladesh (IUB), was present at the launching ceremony as chief guest held at a city hotel. Sonic Allied Industries Ltd Managing Director Iqbal Ahmed, Packman Managing Director Rehan Sobhan and Kaji Najmul Alam, marketing manager of Sonic allied Industries Ltd, were also present on the occasion.

"Sonic is the first and only company in Bangladesh producing these types of products and we have already exported the items in India and Pakistan," said the managing director of Sonic Allied. IUB VC Bazlul Mobin Chowdhury congratulated the company for taking the initiatives to produce these kinds of stationery products in the country.

PHOTO: ALLIED INDUSTRIES LTD



(From left) Rehan Sobhan, managing director of Packman, Iqbal Ahmed, managing director of Sonic Allied Industries Ltd, Bazlul Mobin Chowdhury, vice-chancellor of Independent University of Bangladesh (IUB), Syed M Altaf Hossain, chairman of Sonic Allied Industries Ltd, and Jamal Ahmed, director of Sonic Allied, are seen in a product launching ceremony of Sonic Allied Industries Ltd at a city hotel yesterday.

## 3 top rubber producers form alliance to boost prices

AFP, Tampak Siring, Indonesia

The world's top three rubber producers on Thursday formed an alliance aimed at improving the welfare of rubber farmers through higher prices.

An agreement to form the International Tripartite Rubber Corp. (ITRC) was signed by ministers from Indonesia, Thailand and Malaysia at the Indonesian resort island of Bali, witnessed by the leaders of the three countries.

The agreement was signed by Indonesian Industry and Trade Minister Rini Suwandi, Malaysian Basic Industry Minister Lim Kem Yaik and Thailand's Agriculture and Cooperative Minister Shuचेep Hansabad.

Malaysian Prime Minister Mahathir Mohamad, President

Megawati Sukarnoputri and Thai Prime Minister Thaksin Shinawatra were present during the signing at this presidential summer retreat.

Megawati and Mahathir are holding their annual consultation here and Thaksin arrived here Thursday to join them in witnessing the signing of the rubber body and hold separate talks with the two other leaders.

The corporation aimed to "seek justice for all rubber farmers," Thaksin told reporters after the signing and closed-door talks with Megawati.

Echoing Thaksin's sentiment, Suwandi said the joint rubber body is aimed at improving the welfare of some 10 million rubber farmers in all three countries.

"The aim of this cooperation is to boost the price of natural rubber so

that the farmers can get far better prices from exporters... we would like for these farmers to have a minimum income since the most important issue (in the industry) is their welfare," Suwandi said.

She said the alliance will work through market supply management, buying up stocks when prices are low and selling the stock during better prices.

Thaksin said the deal would help the countries to strengthen their economies.

The three nations endorsed the creation of the ITRC, proposed by Thailand, last November, with pledges to contribute a total of 225 million dollars to the corporation.

They also agreed to reduce rubber production by four per cent and exports by 10 per cent.



PHOTO: BAB

Minister for Finance and Planning M Saifur Rahman speaks at a discussion organised by Bangladesh Association of Banks (BAB) at a local hotel Wednesday. State ministers for Finance and Planning Shah Mohammad Abul Husain and Major General (Retd) M Anwarul Kabir Talukder, Finance Secretary Zakir Ahmed Khan, Governor of Bangladesh Bank Dr Fakhruddin Ahmed, Chairman of BAB Syed Manzur Elahi and Vice Chairman of BAB Manzurul Islam also are seen in the picture.

## Saifur again blasts banks' 'over-profiteering motive'

UNB, Dhaka

Underlining the importance of rationalising their profit, Finance Minister M Saifur Rahman has once again slammed the private commercial banks (PCBs) for their 'over-profiteering motive'.

"The way you're making profit that is not encouraging. There is something wrong somewhere," he told a dinner meeting of Bangladesh Association of Banks (BAB), a club of private bank chairmen, at Sheraton Hotel Wednesday night.

He said private commercial banks must make profit, but that should be reasonable. Making a profit of Tk 5 crore overnight or Tk 100 crore in a year is not the way of banking, Saifur said.

Making a pointed reference, he said the Dilkusha branch of Grindlays Bank, a foreign commercial bank, alone made such an amount of profit, which was more than the total profit of its branches in India.

He was very critical of the situation that some banks had been declaring 40-50 per cent dividends within a very short period of their operation while discouraging the growth of industries by charging abnormally high lending rates.

He called on the bankers to reduce interest rate for the sake of rapid industrialisation. "The paper business of the banks cannot sustain unless the real sector grows," the minister said.

Saifur said the government would consider providing incentive schemes for unit banking with headquarters in districts to reduce the time for project evaluation which sometimes takes 10 months.

He asked the bankers to allocate loans on the basis of quality of projects instead of collateral. He also asked the bankers to provide

further loans to good borrowers.

Reducing interest rate is a demand of the business community, some of whom are also sponsors of PCBs. But none of the PCBs responded to this demand, forcing the government to think and act on the issue, Saifur said.

He said some reform measures initiated recently were not intended to interfere in banking business, rather these steps became essential for the government as PCBs failed to rationalise their profit and interest rates, dismiss their directors who played foul with depositors' money.

"I've a list of the sponsor-directors who withdrew people's money from banks, but you never volunteered to remove these people," the minister said, justifying some steps taken to safeguard people's deposits.

Saifur Rahman was unhappy to see that market forces are not fully operative here, but hoped that the economy would move gradually towards deregulatory environment.

Responding to the BAB proposals for reforming the banking laws to expedite recovery of stuck-up loans, the Finance Minister sought a list of amendments so that he can place those in parliament.

In his welcome address, BAB Chairman Syed Manzur Elahi said any ad-hoc measures or extreme steps like imposition of heavy tax on excess profit might adversely affect the private bank business.

Banking sector has been playing a key role in the depressed capital market and extra tax burden might discourage general demand for bank shares, he told the Finance Minister.

He referred to the weaknesses in the existing legal framework and recovery of stuck-up bank loans that have not got pace despite various

reforms. "The delinquent borrowers by and large find ways to evade legal remedies for the banks," the BAB chairman said.

The effectiveness of legal means for recovery has not been found satisfactory for the banks and as a result the number of money suits multiplied.

Different banks have filed lots of cases with the Bankruptcy Courts since 1997 when these were established to plug the loopholes of traditional loan courts, but execution of verdicts face hurdles due to stay orders from higher courts and lack of legal empowerment of official receivers.

He suggested that a separate bench be set up to deal with money suits decreed by the Bankruptcy Courts or loan courts. Stay orders from the higher courts should have restricted time limit and official receivers be given full magisterial power to implement the court decisions, he said.

Manzur Elahi felt that commercial banks like specialised public sector banks should be legally empowered to foreclose straightway the collateral secured assets of the defaulting borrowers.

He also felt the need for updating the loan recovery laws and suggested that defaulters who violated Negotiable Instrument Act for dishonour of cheque should not be allowed to move a bail petition without paying 50 per cent money of the suit value.

The Association members spoke about high taxation and proposed enhancement of capital base, acceptable rate of profit and the need for interactions with the concerned quarters before formulating policies and rules for the banking sector.

## Japan economy holds tight amid global uncertainties

AFP, Tokyo

The Japanese government left its key assessment of the battered economy unchanged Thursday and released some hopeful data on business investment and wholesale prices while warning of global threats to recovery.

A 2.9 per cent increase in private-sector machinery orders in June, and a fifth straight month of stable domestic wholesale prices in July indicated an export-led revival remained intact for now, economists said.

"While the economy continues to be in a difficult situation, (signs) of an incipient recovery can be seen in some areas," the Cabinet Office said in its August report on the economy.

Prime Minister Junichiro Koizumi said economic conditions would remain difficult, underlining the need for further reforms.

"The current tough situation will continue. It is a like walking on a tight rope. This only shows that we must push for reforms that will pull us out of this situation to full a economic recovery," Koizumi said.

The Cabinet Office said exports have shown strong growth, prompting a revival in industrial production, while business confidence is improving and a prolonged slump in corporate investment could be nearing an end.

"On the other hand, developments in the worldwide decline in stock prices and depreciation of the dollar are further increasing uncertainty surrounding the future of the world economy and there are concerns that these developments may exert downward pressure on final demand," it warned.

## Consumer confidence in Asia, Pacific sinks further

AFP, Hong Kong

Confidence among consumers in the Asia Pacific has slipped further as hopes fade for a swift recovery for battered regional economies, a survey found Thursday.

Only 14 per cent of those polled by market research firm AC Nielsen in its latest Asia Pacific Consumer Confidence Poll said they believed an economic recovery would occur before the end of this year while 25 per cent did not foresee an end to the world's economic woes until 2004 or beyond.

"It looks like we may have to wait another 12 to 18 months before the region's consumers open their wallets again," said Frank Martell, president of AC Nielsen Asia Pacific. Opinions varied across the

region as to when an economic recovery would occur. The most pessimistic were Indonesians, Japanese and Thais, with less than a quarter of those polled envisaging an end to the global recession within a year.

In contrast, South Koreans, Singaporeans and Indians were the most upbeat with more than two thirds of those polled tipping a recovery before the second quarter next year.

"While recognition of the global recession is universal, we see some variation across the region in terms of economic confidence. Greater optimism in Singapore and Korea reflects the fact that their economies are experiencing reasonable GDP growth in 2002," said Martell. Martell noted that prolonged

deflation and a depressed property sector added to rising unemployment had taken their toll on consumer confidence.

Australia and New Zealand, which has until recently been largely insulated from the recession, was now joining the ranks of those nations expressing concerns as to whether they could remain buoyant in the face of a sustained downturn in the United States, he said.

Concerns over the world economy had also affected the buying behaviour of consumers with half of those polled across the region claiming to have put off investments and major purchases over the last six months.

The trend of deferring purchases and investments has increased across the region since the last AC Nielsen poll in December last year.