

Saifur blasts continuous loans to certain sectors

STAR BUSINESS REPORT

Finance and Planning Minister M Saifur Rahman yesterday said the country's banking system is doing harm to business of existing enterprises of some sectors by providing continuous loans to the sectors until the market is saturated.

"The banks continue giving loans to apparel or textile sectors till the business of existing garment or textile units becomes bad," Saifur said. This is one of the reasons for which in most cases bank loans turn bad loan, he added.

This is happening, as the banks do not conduct market survey before sanctioning loan, the finance minister observed.

Saifur Rahman was speaking as chief guest at the inaugural session of a workshop on "Attaining interest of entrepreneurs to take equity and entrepreneurship fund (EEF) assistance", jointly organised by Bangladesh Bank and Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Saifur urged the FBCCI to take initiatives to prepare a list of the sectors that are already saturated. "Then steps would be taken against the banks that would allocate further loan in the sectors," he said.

The finance minister also said he would work against the provision of collateral for bank loans. "The banks are using this only for the poor section of the people. I will fight the

practice when I will not be in power," he said expressing his inability to move against the provision as long as he is holding the post of a minister.

He also said the purpose of creating the Tk 300 crore EEF was to enable the small and medium entrepreneurs to use the fund as they often cannot go for bank loans due to high interest rate.

"I do not understand why they do not use this fund," he said. Saifur announced he would allocate another Tk 300 crore to the fund before next June if the entrepreneurs utilise the existing 300 crore by April next year.

Saifur observed entrepreneurs are not using the fund as they are

not able to identify projects.

Even high officials of planning commission have been suffering from similar problem, the finance minister said. Officials of the commission with high degrees were often unable to identify, evaluate and implement projects, he said.

According to the finance minister, agri and agro-based industries, packaging industry, modern brick producing industry and software industries have good potentials and entrepreneurs of the sectors can use EEF.

Among others, Governor of the central bank Dr. Fakhruddin Ahmed and FBCCI President Yussuf Abdullah Harun spoke on the occasion.

Buying houses term compulsory registration with BB illogical

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Terming a recent Bangladesh Bank order illogical, the Bangladesh Garment Buying House Association (BGBHA) yesterday said the rule will hamper their business.

The order has made registration of buying houses with the central bank compulsory.

"We welcome the registration system but the procedure will hinder our business. The requirements, which include copy of agency agreement with buyers and disclosure of percentage of commission the buying houses will receive from particular orders, will definitely hamper the growth of the business," said Qayum Reza

Chowdhury, a member of the BGBHA, at a press briefing in the city.

M Zakir Hossain, convenor, MS Alam, joint convenor, and KI Hossain, member of the convening committee of the BGBHA, were also present at the briefing.

The buying houses have been facing problems in transferring letters of credit (L/Cs) to the manufacturers for the last two months due to implementation of the central bank registration criteria, Chowdhury added.

It is very difficult for a buying house to mention in advance how much commission it is going to receive from a particular order which varies on the nature of order and its quantity, he noted. Besides,

buyers finalise an order only after negotiation. So, a buyer can never strike an agreement earlier, the BGBHA leader went on.

"Buyers will be discouraged and may move to other countries. If there is any further delay in the registration process, we will lose new orders, which are in the pipeline. Due to the delay, we suggest the Bangladesh Bank formulate a criterion on the basis of which the scheduled banks can transfer L/Cs till the buying houses obtain the central bank's permission."

The commerce ministry is also going to ask the buying houses to get registered with Bangladesh Garment Manufacturers and Exporters Association (BGMEA) as its associate members.

Chowdhury mentioned.

He added the BGMEA is a trade body consisting of only garment manufacturers and exporters whereas buying houses are international marketing companies working in diversified areas like terry towel, knitwear, textiles, leather etc. "Why should we become the member of the BGMEA? If we do so, should we become members of other trade bodies like terry towel, knitwear, leather or the BTMA?"

Buying houses have played a major role in boosting apparel sector in Bangladesh and still only 10 per cent apparel exporters can afford marketing abroad and 90 per cent are dependent on buying houses, the BGBHA leader said.

CSE delists Nat'l Oxygen

Chittagong Stock Exchange has delisted National Oxygen Ltd from its trading system, says a press release.

The stock exchange took the decision at its board meeting held on November 5.

The company has been de-listed for non-compliance with listing regulations of CSE, mainly non-payment of listing fees, shutdown of factory indefinitely and pending AGMs since 1996, the release said.

Earlier, the company was suspended by the CSE vide its public notification of February 27, 2000.

Malaysian co to acquire Indonesian bank

AFP, Kuala Lumpur

One of Malaysia's leading financial conglomerates, Commerce Asset-Holding Berhad (CAHB), announced Sunday that it had signed an agreement to acquire 51 per cent of Indonesia's PT Bank Niaga Tbk.

CAHB said it would pay 26.5 rupiah per Niaga share, valuing the 51 per cent stake at some 1,057.35 billion rupiah (120 million US dollars), equivalent to a price to book value ratio of 1.48 times.

The deal was signed with Indonesian Bank Restructuring Agency (IBRA), CAHB said in a statement.

"This is a groundbreaking development that will enhance greater economic integration and interdependence among ASEAN (Association of Southeast Asian Nations) members, especially with the onset of AFTA (ASEAN Free Trade Area)."

"CAHB's acquisition of Niaga is expected to create one of the leading financial institution platforms in both Malaysia and Indonesia," said Rozali Mohamed Ali, director of CAHB and the CEO of Bumiputra-Commerce Bank.

"With a strong platform and cultural affinities, the new franchise will be positioned to take advantage of future growth in the retail and consumer sectors as well as in inter-ASEAN trade flows."

Private Thai airline starts direct flight to Ctg Nov 24

STAR BUSINESS REPORT

Phuket Air, a private sector Thai airline, starts its direct flights between Chittagong and Bangkok from November 24.

International Project Support Services System Limited (IPSSL) of Bangladesh in collaboration with Phuket Air will operate the flights. This was disclosed at a press briefing held at a city hotel yesterday.

Thailand Ambassador to Bangladesh Pithak Phrombupha, IPSSL Managing Director M Haider Uzzaman and Advisor of Phuket Air Uthai Raksakul were present on the occasion.

Boeing 737, consisting of 63

economy and 16 business class seats, will be used for carrying passengers on this flight.

Phuket Air will operate three flights in a week on Sunday, Tuesday and Thursday. The flight will start its journey at 13.05 on every scheduled day and will take around two hours to travel from Chittagong to Bangkok.

The fare for Chittagong-Bangkok-Chittagong flight has been fixed at 285 and 385 US dollars for economy and business classes respectively.

On this occasion, Thai Ambassador said his government would encourage initiatives of private sectors to increase business between the two countries. "Any

assistance, including issuance of visa for passengers, will be extended in Chittagong by Thai embassy," he added.

IPSSL Managing Director M Haider Uzzaman said for the interest of Bangladeshi passengers, Phuket Air will offer all kinds of services gradually, including attractive value added packages.

"A counseling centre of Bangkok Hospital will soon be set up at Chittagong office so that patients can get advanced benefits," he added.

He also said they have a plan to extend their services to Dhaka if government gives necessary permission.

HSBC, Energypac finalise Tk 390m credit facility

HSBC and Energypac Engineering Limited have finalised a Tk 390 million credit facility in term of loan and working capital.

An agreement to this effect was signed by Adil Islam, corporate banking head of HSBC Bangladesh, and Enamul H Chowdhury, managing director of Energypac Engineering Limited at a simple ceremony held at HSBC premises in the city recently, says a press release.

Humayun Rashid and Engr Rabiul Alam, directors of Energypac, and David J H Griffiths, CEO of HSBC Bangladesh, were present at the signing ceremony.

HSBC's on line banking software Hexagon and a range of personal banking facilities are also being offered to Energypac and their staffs.

This is in line with HSBC's long term vision to grow with local companies offering a full range of financial solution.



Photo shows (sitting from left to right): Engineer Alam, director, EH Chowdhury, MD of Energypac, and Adil Islam, corporate banking head, David JH Griffiths, CEO of HSBC Bangladesh, at the signing of a Tk 390 million credit facility ceremony held on HSBC premises in the city recently. H Rashid, director of Energypac, and Imran Bhaduri, relationship manager of HSBC, are seen in the picture.

S'pore poised to benefit from regional free trade pacts

AFP, Singapore

Singapore is poised to benefit significantly from the spate of free trade agreements Southeast Asia is pursuing with the region's major economies, say officials and analysts.

As weak domestic demand and external uncertainties threaten to derail its rebound from last year's recession, free trade agreements (FTAs) offer the prospect of a wider network of markets and investment opportunities for the tiny city-state whose fortunes are heavily dependent on external trade.

"The implication for us is now we have something to look forward to," Prime Minister Goh Chok Tong told reporters at the recent Association of Southeast Asian Nations (ASEAN) summit in Cambodia.

Jiang renews call for radical economic reforms

AFP, Beijing

China's President Jiang Zemin has renewed his calls for radical economic reforms at the key 16th Communist Party Congress, telling delegates they must "adopt new ways of thinking" to make the country richer.

His comments to a closed-door meeting of delegates from the economic powerhouse of Shanghai, his traditional power base, emphasised the need to drop old communist ways en route to "building a well-off society".

"To achieve these objectives, we need to work hard. We should adopt new thinking on ways of development, make new breakthroughs in reforms and bring about a new situation in open policy implementation," the official Xinhua news agency quoted Jiang as saying late

Saturday. He additionally praised Shanghai's rapid modernisation, pressing the city to "develop itself into one of the world's economic, financial, trade and shipping centers."

The call follows Jiang's urging to delegates during an opening speech at the Congress on Friday morning to "free our minds from the shackles of outdated notions, practices and systems, from the erroneous and dogmatic interpretations of Marxism."

The Congress has been hotly anticipated because it is expected to begin a major change in the country's leadership, including the likely retirement of Jiang and other top bosses from their party posts.

Vice President Hu Jintao is tipped to take the party leadership from Jiang before then becoming

state president next spring. But with all of this taking place in secret, a key theme of the gathering thus far has been calls to ditch many of the last vestiges of China's socialist economy.

Jiang has repeatedly talked up his personal crusade to officially permit capitalist businesspeople to join the Communist Party's select ranks.

"We should make a point of recruiting party members from among those in the forefront of work and production," he said during his opening speech, using common party shorthand for the country's wealthy entrepreneurs.

Virtually every speech at the Congress has begun with lengthy praise for Jiang's personal "Three Represents" theory, which seeks to justify expanding the party's base to include the economic elite.

Experts predict tougher times for Aussie banks

AFP, Sydney

Australia's banking sector was singled out as one of the strongest in the Asia Pacific region this week after recording record profits, but local experts expect the sector to face a downturn as the country's housing boom slows.

The big four banks -- National Australia Bank Ltd., Westpac Banking Corp Ltd., ANZ Banking Group Ltd. and Commonwealth Bank of Australia -- reaped a collective 10.5 billion dollars (5.9 billion US) net profit in the past year and have been cited as one of the major reasons why the country's economy has remained resilient in the face of falling global equity markets.

International rating agency Standard and Poor's said this week that Australian banks, along with those in New Zealand and Singapore, were the least risky in the Asia Pacific region.

But financial services provider KPMG said the banks were understandably reluctant to predict double-digit earnings growth because their strong run was petering out.

Head of KPMG Financial Services, Peter Nash, said banks were not expected to sustain the double-digit earnings growth of recent years.

Sweden willing to focus on Bangladesh local governance

REZAUL KARIM, back from Sweden

Sweden, which has been assisting Bangladesh since its independence in various social sectors and democratic development, is now eager to focus on promotion of local governance and local government system in the country.

Officials of the Swedish Development Cooperation Agency (SIDA) said that its cooperation with Bangladesh has been relatively extensive and now it wants to assist more in the field of democratic development, strengthening of local government bodies and above all establishing good governance.

Talking with a Bangladeshi delegation during a recent visit, SIDA's top bosses regretted that governments in Bangladesh have long been giving the commitment to promote decentralisation and empower local government bodies, but still there is no such progress towards the pledges.

An 11-member delegation headed by Jatiya Sangsad Whip Rezaul Bari Dina paid a 5-day study tour to Sweden on "Local Governance and Local Government". LGRD and Cooperatives Minister Abdul Mannan Bhuiyan led the 12-member delegation to Switzerland but could not participate in the tour of Sweden as he had to return home. Thus Dina led the delegation

in Sweden.

Talking with the members of the delegation, SIDA officials including Jan Bjerninger, assistant director general of Asia Department, Staffan Smedby Programme Coordinator for Asia and Latin America and Senior Programme Officer Robert Torlind, said that SIDA is committed to enhancing its cooperation for the socio-economic and sustainable development in Bangladesh.

They informed that the Swedish government has approved a proposal to draw up a new strategy for 2002-2005 and the overall aim of the country strategy is to help improve living conditions of the poor, with particular emphasis on women and children.

Swedish development assistance over the past 10 years has taken the form of support for primary and non-formal education, rural development and health care. The SIDA officials further said efforts have also been made to promote democratic development, strengthen local governance and local government and human rights in Bangladesh.

Jan Bjerninger said the relation between the two countries is very strong and the Swedish government is keen to expand its bilateral cooperation with Bangladesh. He said that Bangladesh on an average receives 150 million US dollars from Sweden annually, which is a big

amount for a small country like Bangladesh.

In addition to bilateral cooperation, he said Sweden also gives financial support via the EU, a number of UN agencies such as UNICEF, UNDP, WHO and other multilateral organisations like the World Bank and the Asian Development Bank.

The ADG of SIDA further said that the Swedish government has already given immigration to several thousands of Bangladeshi people and more are in the queue. "We always have sympathy and soft corner for Bangladesh. We want to see a great development in Bangladesh," he said and advised to ensure good governance, strengthen local government bodies and local governance for empowerment of grass root people.

He informed that the European Commission is planning to initiate a development cooperation for Bangladesh to run from 2002-2006. It is estimated that EU support will have amounted to ECU 100 million per year by the end of this period, which will make the EU and its member states the largest single donor in Bangladesh.

Referring to Swedish proposals for development cooperation during the period of 2002-2005, the SIDA officials said poverty reduction remain the over-riding goal of Swedish development cooperation

in Bangladesh.

As the causes of poverty are many, complex and mutually reinforcing, the fight against poverty should be waged on several levels and through a range of interventions, they said. In keeping with its commitments to human rights, officials said Sweden must accordingly help create conditions conducive to sustainable social development, democracy, local government and economic development.

They said the proposed cooperation agreement would run for three years and involve a maximum allocation of SEK 600 million. This amount does not include development credits, humanitarian measures or financial support provided through Swedish NGOs. Grant-financed field workers and creation of human rights/democracy projects will also be financed separately, they added.

On dialogue issues, officials said Bangladesh is undergoing a process of social, economic and political change which will hopefully bring about a gradual improvement in terms of human rights for the great mass of the population. This process is clearly implicit in the country's declared policies. Although the progress is slow. There are immense institutional obstacles and innumerable setbacks in Bangladesh.

According to the country strategy

for development cooperation, the goals for reform are seldom matched by action in the form of institutional changes aimed at promoting economic development or interventions against human rights violation.

It said Sweden's dialogue with Bangladesh should focus on strategies calculated to accelerate the process of change. Other areas that would benefit from intensified dialogue include the WTO and the development agenda, trade and investment policy, business climate and efforts to promote regional cooperation and economic integration in southern Asia. Another area where dialogue is essential is corruption.

Officials of the SIDA said the principal areas of development issues: social development, democracy, local self-government and economic development must be seen as central to that part of dialogue directly related to practical development cooperation.

They said Bangladesh should give special consideration to those areas where Swedish experience and resources can contribute to innovative approaches and change.

In reply, delegation leader Rezaul Bari Dina MP said the present government of Khaleda Zia has been making efforts to achieve sustainable development in the country.

He said the government has taken massive initiatives to enable the women to take an active part in society, both socially and economically. He also listed the government's steps towards development, empowerment of women and educational programmes.

Dina said the government has already declared to strengthen the local government bodies and emphasised on decentralisation of administration aiming to give democracy an institutional shape, ensure participation of grass root people in development activities.

The Whip appreciated and expressed gratitude to the Swedish government for its continued cooperation and hoped that Bangladesh would get extended and continued support from Sweden for achieving sustainable development.

Earlier, the Bangladesh delegation during meetings with high government officials of Ministry of Foreign Affairs and Finance requested the Swedish government to further expand its support for Bangladesh.

Talking with Gun-Britt Andersson, State Secretary for Development Cooperation, Migration and Asylum Policy, the delegation requested her to relax its policies towards the Bangladeshis and hoped that Bangladeshis seeking immigration would get

priority in Sweden.

The main objective of the tour was to acquaint the delegation members with Swedish government system, especially the local government system including citizens participation in local government activities, Swedish experience of decentralisation of public activities to the local level, distribution of tasks between central, regional and local government and the relation between local government and the private sector.

Other members of the delegation are: Opposition Chief Whip Abdus Shahid, BNP MPs Sakawat Hossain Bokul and Ali Newaz Mahmud Khaiyam, BNP central leader Mofiqul Hasan Tripti, Managing Director of Palli Karma Shoyahak Foundation Dr Salehuddin Ahmed, Executive Chairman of Power and Participation Research Centre Dr Hossain Zillur Rahman, Joint Secretary of LGRD Ministry Fazlul Haque, Director General at the Prime Minister's Office Kazi Monwarul Haque, senior assistant secretary of the LGRD ministry Waliul Islam and Senior Reporter of The Daily Star Rezaul Karim.