



New ICB chairman

Md. Hasinur Rahman, former secretary to the Govt. of Bangladesh, joined Investment Corporation of Bangladesh as Chairman of the Board of Directors on Saturday, says a press release.

He served as secretary in the Ministry of Establishment, Defence, Housing & Public Works, Energy & Mineral Resources and LGRD & Co-operatives.

Rahman obtained his MA degree from Dhaka University in Political Science. He also studied in the Oxford University and Aston University of United Kingdom.

He is the current President of Bangladesh-American Friendship Society, senior advisor of China-Bangladesh Chamber of Commerce & Industry and chief advisor of Anti-drug International Federation of NGOs, Bangladesh.

Prime Bank wins ICAB award

Prime Bank Limited has won ICAB National Award-2001 for Best Published Annual Report, says a press release.

M Saifur Rahman, minister for Finance and Planning, handed over the award to Quazi Sirazul Islam, chairman of the Board of Directors of Prime Bank Limited, at a function organised by ICAB at a city hotel on Thursday.

A K M Mosharrar Hossain, state minister for Energy and Mineral Resources, attended the function as chief guest.

Professionals and dignitaries from financial and commercial organisations were present on the occasion.

ICAB National Award is given each year for best published reports among the listed financial and non-financial companies.

The selection is made through a meticulous assessment process by following the evaluation criteria set by the Institute of Chartered Accountants of Bangladesh and South Asian Federation of Accountants (SAFA).

The winners of the national award are forwarded by ICAB to South Asian Federation of Accountants of participation in the South Asia Regional Competition.

Emirates SkyCargo focuses on customer

Emirates SkyCargo is spending the next year putting most of its worldwide cargo staff through courses that will enable them to see the airline's cargo services from the customer's point of view, says a press release.

Courses started in October at the Emirates Aviation College for the staff who interact with the cargo customers, with separate training for their supervisors. The training has been designed and implemented in-house with two main aims.

Firstly the aim is to communicate to staff the value of Emirate's services to the end user.

The second aim is to enhance Emirates SkyCargo's service.

Nissan posts record profit in first half

AFP, Tokyo

Japan's Nissan Motor Co. Ltd. on Tuesday posted a record net profit for the first half, its fifth consecutive half of record profits, thanks to brisk sales of new models.

The company's third largest automaker said its group net profit in the six months to September rose 24.9 percent from the same period last year to a record 287.7 billion yen (2.4 billion dollars).

Recurring profit more than doubled from a year earlier to 323.5 billion yen, while revenue over the period rose more than 10 percent to 3.29 trillion yen.

These figures were almost identical to preliminary, unaudited results Nissan announced on October 23.

Appellate Division rejects toy maker's leave petition

Allegation of inducing investors to buy scrips

M SHAMSUR RAHMAN

The Appellate Division of the Supreme Court on Monday rejected a leave to appeal petition by a toy manufacturing company -- Wonderland Toys.

With the rejection of the petition, a case which was filed by the Securities and Exchange Commission (SEC) against Wonderland Toys and its issue manager for allegedly "inducing the investors into purchasing its shares by artificially showing a rosy picture of the company" will resume.

The Chief Metropolitan Magistrate's (CMM) Court had summoned the directors of the publicly traded company along with its issue manager.

The CMM Court issued the order against the company on January 17, 2001 but the company moved to the High Court and obtained a stay

on the proceedings of the case.

The SEC later had the stay vacated which was again challenged in the Appellate Division in separate petitions by the toy manufacturing company and the issue manager but were rejected.

In the petition with the CMM, the SEC had alleged that the toy manufacturing company went for initial public offering (IPO), inviting investors to buy shares worth Tk five crore in August, 1996.

In its prospectus, the company showed that Wonderland's counterpart in Hong Kong had provided them with the plant and machinery as per a joint venture agreement, the complaint petition said. The company also claimed that all the machinery had been installed, it said.

"All these claims are outright false, deceptive and an illegal bid to

gain by providing false information with a view to luring investors into buying its shares," the SEC said in its petition.

The SEC filed the case against the company based on an inquiry committee report which said that in 1995, the company opened an L/C worth US\$ 16,10,000 with the Shilpa Bank to import machinery, which were to be delivered in five consignments.

The inquiry report said that all the four consignments were received except the fifth one. The vessel which was supposed to carry the fifth consignment berthed at the port on January 22 and then the company obtained the shipping documents from BSB.

As the machinery were imported for an export-oriented project, the company also obtained a fee-waiver certificate from the Board of

Investment (BOI). "But the ship did not have the fifth consignment on board," the report said.

The inquiry committee observed that despite knowing the facts that the joint venture company had failed to act properly, the company still proceeded with the IPO and raised funds from the market by concealing some sensitive information.

The report said that due to the failure of the project, Wonderland Toys failed to make any profit in 1996-1997 and 1998-1999, and it could not pay any dividend to its shareholders.

The committee alleged that even the IPO issue manager, National Securities and Consultant Ltd, was a party to it. The issue managers helped the company to raise fund from the market, the complaint alleged.

Committee for writing off 5-year bad loans

STAR BUSINESS REPORT

The committee on default loans has recommended that banks immediately write off loans classified as bad for five years or more.

Banks can write off loans or advances anytime that are classified as bad or loss and which the banks could not recover after taking all measures, it said.

Writing off the bad loans against provision is an internationally accepted method. Presently, the country's commercial banks hardly write off the bad loans from their balance sheet, although a major part of these might not be recovered at all and their balance sheets are unnecessarily and artificially inflated, the committee noted.

The committee said if the profit made by a bank is not enough for 100 per cent provisioning, it can do it with borrowed money showing the amount as provision-related loss.

However, the banks should not be relieved off the provisioning requirement and have to build required reserves against such

loans, it said.

According to Bangladesh Bank statistics, the total amount of classified loan with the banks is about Tk 24,000 crore. Around 80 per cent or Tk 19,200 crore of the loan is classified as bad and a loss.

The banks should continue all out steps to recover the loans or advances written off and also initiate or continue legal procedures, if necessary, the committee said.

The board of directors of a bank will be the final authority for writing off bad loans. The committee also recommended setting up of a 'debt collection unit' in the bank to expedite loan recovery drive.

The committee also suggested that if the nationalised commercial banks (NCBs) incurred financial loss due to writing off of loans defaulted by state-owned enterprises (SOEs), the government should make it up through issuing long-term bonds of the same value.

The committee, headed by Professor Wahiduddin Mahmud and comprising Dr Debapriya Bhattacharya, Barrister Anisul Islam

Mahmud, chartered accountant Moslehuddin Ahmed, banker MA Mazid and Deputy Governor of the Bangladesh Bank Nazrul Huda, submitted the report last Saturday.

The committee said borrowers whose classified loans or advances would be written off would be identified as loan defaulters. The banks should report to the Credit Information Bureau (CIB) of the central bank about the loans or advances written off or about other loans or possible loans of the defaulters.

Branch managers will send the statements on classified loans to the regional and head offices every three months, it said adding detailed status report and action plan for rescheduling these loans should also be sent with the statements on classified loans.

Head office of a bank would review the classified amount every three months and prepare different lists for fully and partially recoverable amount of the classified amount, the committee suggested.

ADB agrees to give \$200m for power sector next year

UNB, Dhaka

Asian Development Bank agreed to lend US\$ 200 million for the development of Bangladesh's fund-hungry power sector next year.

A visiting energy mission of the ADB submitted the proposal to Finance Minister M Saifur Rahman yesterday.

Coming out of the minister's chamber at the Secretariat, ADB Country Director Toru Sibuichi told reporters that it would be their fresh lending in addition to the existing credits in the country's power sector.

"We came to seek advice from the Finance Minister on our new project. The details are yet to be worked out," he said.

Earlier the Bank, currently the biggest external financier for the country's power sector, had committed to providing about US\$ 199 million for the West Zone Power Development Project.

The mission included ADB's Principal Project Engineer for South Asia Infrastructure Division S Chander.

The Finance Minister said the ADB earlier had agreed to give US\$ 150 million, but the amount was raised to US\$ 200 million after the visit of ADB President Tadao Chino last month.

Chino was happy with the country's economic performances and assured of providing Bangladesh with US\$ 1 billion in next three years, Saifur said.

The ADB assistance in power sector would have two components -- policy and investment -- and Bangladesh can have a quick disbursement from policy component, the minister explained.

The funds would go mainly for strengthening the generation and distribution companies, and improvement of load management for rationalised distribution of available electricity.

The ADB also sees prospects of raising funds for power sector companies from stock market through issuing bonds.

The donor agency is a major source of external funds for power sector, providing US\$ 1.5 billion so far. Rural electrification project, Ninth Power project, Dhaka Power

System Upgrade Project and West Zone Power System Project are some of the ADB-assisted projects in the power sector.

The Bank campaigns and finances structural and institutional reforms in the power sector, including corporatisation of power generation units and public-private partnership in generation and distribution.

The ADB assisted the government in preparing an updated Power Sector Master Plan (1995-2005) which would require US\$ 6 billion.

The government is now working on a 10-year (2002-2012) development plan targeting to raise electricity generation to 9564 MW and coverage to 65 per cent of the population in the terminal year from 4710 MW and 30 per cent at present. The plan would require an investment of Tk 38,840 crore (about US\$ 6.47 billion).

State Minister for Energy Iqbal Hasan Mahmud met the ADB president in Dhaka on October 31 to discuss the government's future power development plans and seek the Bank's assistance.

Oil prices hit 2-week high

REUTERS, Singapore

Oil prices trekked higher on Tuesday, boosting the week's gains to more than five per cent, as traders waited to see whether Iraq would comply with UN weapons inspections or risk war in the oil-rich Middle East.

US light crude climbed 19 cents to \$26.90 a barrel, the highest level since November 5 and taking oil's rise this week to \$1.39.

Analysts said the market was pricing in the possibility of war in the Middle East, which pumps one-quarter of world crude supplies, if Iraq failed to fully meet the terms of the UN resolution on disarming Iraq.

"There are concerns whether Iraq will comply completely with inspections. Fundamentally the oil price is probably \$22 to \$24 a barrel, so there's still a war premium for some sort of disruption to supplies," said Paul Ashby at ABN Amro in Sydney.

"But the premium is not as big as it was. Now it's probably \$2 to \$3 a barrel, whereas before it was \$6," said Ashby.

UN chief arms inspector Hans Blix and a team of about 30 experts were due to start their first full day of work in Iraq on Tuesday after a four-year suspension of inspections.

The team will prepare the way for searches later this month for biological, chemical and nuclear weapons, which the United States claims have been stockpiled by Iraq.

US President George W Bush, urging regime change in Iraq, has vowed to take military action if Iraq fails to disarm.

Pakistan gets 4th tranche of \$1.4b IMF loan

AFP, Karachi

Pakistan on Tuesday received the fourth tranche of its three-year 1.4 billion dollar loan from the International Monetary Fund, the central bank said.

The 114 million-dollar disbursement brings the total received by Pakistan to 456 million dollars under a poverty reduction program with the IMF which was approved in December last year. State Bank of Pakistan spokesman Syed Wasimuddin told AFP.

"With the release of the latest tranche, Pakistan's foreign exchange reserves have gone up to a record 8.86 billion dollars," Wasimuddin said.

IMF approval for the tranche was given on November 1 this year.

Pakistan's program with the IMF will run until December 2004 with quarterly disbursements, provided its economic performance remains on track.

An IMF delegation is currently in Islamabad carrying out a regular quarterly assessment of Pakistan's economy, as measured against objectives laid out in the loan program.

The results of its assessment will be taken into consideration for the disbursement of the fifth tranche.

After the approval of the tranche received Tuesday, the IMF commended Pakistan for consolidating gains in macroeconomic stability and progressing with structural reforms. However, it raised concerns over Pakistan's high public debt burden.



A delegation of Energy Syndicate of Bangladesh Expatiate (ESBE), a Doha-based forum, met State Minister for Energy AKM Mosharrar Hossain in the city yesterday. The team invited the minister to attend a conference, which is being organised by the ESBE in Doha for attracting investment in the country's energy sector.

Expats' energy group to hold investment conference

STAR BUSINESS REPORT

Energy Syndicate of Bangladesh Expatiate (ESBE), a Doha based forum of energy professionals working in the Middle East, Europe and North America, is going to organize a conference to attract investment for the country's energy sector.

Rezaul Karim Talukdar, an advisor to ESBE, yesterday handed over an invitation letter to State Minister for Energy AKM Mosharrar Hossain to attend the conference, said a press release.

Talking to The Daily Star AKM Mosharrar Hossain said he informed the ESBE representative of different investment opportunities in the energy sector of Bangladesh.

Mosharrar informed ESBE

personnel that he would inform them about the date of the conference later.

While handing over the invitation letter to the state minister, the ESBE advisor said that investment is now essential to expand the country's gas distribution network.

The purpose of organizing the conference is especially to attract investment for constructing pipeline infrastructure in the western region of the country.

The state minister has been requested to attend the conference in Doha of Qatar to project the potential of investment in the energy sector of Bangladesh.

Since its inception in 1989, ESBE has been working to use the interest of entrepreneurs of Middle East to invest in Bangladesh, the press release added.

Thai central bank cuts interest rates

AFP, Bangkok

Thailand's central bank on Tuesday cut the country's key interest rates, the 14-day repurchase rate, by 25 basis points to 1.75 percent.

"The cut takes effect today," Bank of Thailand assistant governor Bandit Nijathaworn told a news conference.

Tuesday's MPC meeting was a special supplementary session to assess the latest economic developments and trends in order to determine an appropriate monetary policy stance, he said.

Bandit said the MPC noted economic growth in Thailand in the third quarter continued to be robust, as acceleration in private sector activity and exports helped to sustain the pick-up in production, consumption and investment.

External stability remained strong while internal stability continued to be supported by a low inflation environment, he said.

Core inflation fell slightly in October compared with the previous month to 0.2 percent year-on-year, he said.

Japan hopes for 1.2pc consumer price growth

AFP, Tokyo

Japanese Finance Minister Masajuro Shioikawa said Tuesday he hoped the Bank of Japan (BoJ) would target consumer price growth of around 1.2 percent year-on-year to fight deflation.

He did not specify a timeframe. The central bank, which is to due wind up a two-day policy board meeting later, currently says it will maintain its super-easy monetary stance as long as price growth is below zero.

"The overcoming of deflation, for me, means the CPI (consumer price index) should return to the levels seen in (the year to March 1998), when it stood at 1.2 percent, though the BoJ is aiming for zero percent or above," Shioikawa told a news conference.

He was responding to a question on what he hopes for from the central bank from the policy-board meeting.

Kabul, Delhi talk soft trade regime

AFP, New Delhi

India and Afghanistan on Monday held talks to put in place a preferential trading arrangement and the setting up of transit routes to jack up bilateral economic cooperation, officials here said.

The officials said the issues came up during wide-ranging talks between visiting Afghan Commerce Minister Sayed Mustafa Kazmi and Indian Foreign Minister Yashwant Sinha.

Kabul and New Delhi have already exchanged blueprints on establishing a liberal trade regime between the two sides who have forged warm political ties since the ouster of the fundamentalist Islamic Taliban militia from Afghanistan.

"It was felt that the prevailing atmosphere is conducive for trade and business between the two countries," Foreign Ministry spokesman Navtej Sarna said after

the Kazmi-Sinha talks.

"Both sides also agreed on the importance of establishing transit routes and creating the necessary supporting infrastructure," he added.

India, along with Iran and Russia, backed Afghanistan's Northern Alliance against the Taliban rulers in Afghanistan, who were finally routed by a US-led coalition against terrorism late last year.

In post-Taliban Afghanistan, India has offered to help develop infrastructure, civil aviation, transport, industry, health facilities, educational institutions and agriculture.

Last year, Indian Prime Minister Atal Behari Vajpayee announced a 100-million-dollar grant towards the reconstruction of the country, ravaged by war since its invasion by Soviet forces in 1979.