

United Leasing declares 50pc dividend

United Leasing Company Limited declared a 50 per cent dividend for the year 2002 at its annual general meeting held in Dhaka on Thursday, says a press release.

The company earned a post-tax profit of Tk 7.67 crore from Tk 130 crore revenue during the year 2002.

The meeting was attended by shareholders, directors representing major foreign shareholders from ADB and Lawrie Group plc.

Kafiluddin Mahmood, chairman of the company, presided over the meeting.

Pubali Bank, Multi Promotional sign deal to recover classified loans

An agreement for recovery of classified loans was signed between Pubali Bank Limited and Multi Promotional Services Limited at the bank's head office recently, says a press release.

A H Ziauddin Ahmed, deputy managing director of the bank, and A T Ahmedul Haque Chowdhury, Managing Director of Multi Promotional Services Limited, signed the agreement on behalf of their organizations.

Khondkar Ibrahim Khaled, managing director, Abdul Hannan Bhuiyan, general manager, Anupam Kumar Mondal, DGM, M Emdadul Pramanik, DGM, SM Aminur Rahman, DGM of Pubali Bank Limited, Khan Md. Belayet Hossain, chairman, Md. Safiullah and Md. Obaydullah, directors, of Multi Promotional Services Limited, were also present at the signing ceremony.

New industry in Mongla EPZ

Another industry with an investment of US\$3.3 lakh will be established in the Mongla Export Processing Zone, says a press release.

The project, to be known as M/s. Tara Exim Corporation, will be a 100 per cent Bangladeshi enterprise.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority and M/s. Tara Exim Corporation in Dhaka on Thursday.

M Nazrul Islam, member (Investment Promotion) of BEPZA, and Ghalib Kapadia, proprietor of M/s Tara Exim Corporation, signed the agreement on behalf of their respective sides.

This will be the 5th industrial unit and first light engineering factory in the EPZ.

This industry will produce annually 10,000 metric tons of saw blades, 1000 sets of bearing blocks and 1000 metric tones of various machineries parts.

These products are expected to be exported to South East Asian countries, Middle East, Africa and Europe.

M/s. Tara Exim Corporation will create employment opportunity for 171 Bangladeshi nationals.

Walkers bread, biscuit now in Bangladesh

Famous Walkers brand shortbread and biscuits are now available in local market, says a press release.

Tex Group has started marketing the food products of Scotland-based company.

Chairman of Tex Group Md Saiful Islam formally inaugurated the products in Dhaka on Friday.

The products are now available at stores like Agora, Nandan, Tex Collection, Wimpy, Almas, Meena Bazar, One Stop Mall in Dhaka.

Toshiba, Fujitsu swing into profit

AFP, Tokyo

Hi-tech titans Toshiba and Fujitsu said Friday they swung back into profit or shrank losses in the year to March helped by stronger demand in Asia, and pledged more growth this year despite global uncertainties.

Smaller Japanese electronics makers Sharp, Pioneer and Kyocera said camera-equipped mobile phones and DVD recorders powered their earnings, but rival Sanyo plunged into the red due to losses on stockholdings.

Toshiba Corp.'s net profit came to 18.5 billion yen (154.2 million dollars) last financial year against a loss of 254.0 billion yen a year earlier.

Pre-tax profit reached 53.1 billion yen, reversing a 376.7 billion yen loss previously, while revenue grew 4.9 per cent to 5.66 trillion yen.

CFTC demands level playing field for shipping business

STAR BUSINESS REPORT

Chittagong Feeder Trade Committee (CFTC), a Singapore-based syndicate, said there should be a level playing field for all feeder operators to facilitate exports from Bangladesh.

The CFTC said protection to local vessels will only hurt exports from Bangladesh.

The mainline operators (MLOs) have already informed exporters in Bangladesh that in the absence of a waiver certificate from the Shipping Department no booking will be given to exporters, it said.

The Shipping Department on April 5 issued a circular stating its permission has to be obtained prior to exporting goods through foreign ships.

"But we believe the exporters must have the option to choose their own feeder vessels. If the Bangladeshi operators offer competitive service they should not be worried," said SC Lim, secretary of the CFTC.

Lim was talking to newsmen on completion of his visit to Bangladesh on Thursday.

He said the Shipping Department circular under the Flag Protection Ordinance of 1982 will also complicate

exports as opening of LCs will become difficult.

He said buyers will choose only those vessels which will ensure delivery of goods on time. "So, if one is asked to send his or her goods through local vessels and wait until it is filled he or she may not receive the goods on time. And we don't think any buyers would want to risk delayed shipment of their goods,"

"We want to bring out a positive solution through discussion between the CFTC and the shipping authorities of Bangladesh, port users and port authority," Lim said explaining the

reason for his visit to Bangladesh.

A total of 33 feeder vessels carry containers from Chittagong port to various destinations. Of these, 13 vessels are national flag carriers which belong to Bangladesh Shipping Corporation, the state owned organisation, ten of HRC Shipping Lines, a private shipping company, and the rest one of another private company.

The 20 foreign flag carrier feeder vessels are operated by QC Shipping, Orient Express Line, Advance Container Line, American Presidential Line and Sea Consortium under the CFTC, Lim added.

Amakay to provide service for Telit handset

Amakay Ltd, distributor of Telit handset in Bangladesh, has signed an agreement with Discovery Communication Limited to provide after-sales service for Telit handsets, says a press release.

Matiur Rahman Babu, managing director of Amakay Ltd, and Khandokar Hafiz, director of Discovery Communication Limited, signed the agreement on behalf of their companies. Mahboob Hossain, additional general manager (Distribution), Mir Jahiruddin, manager (Logistics) of GramenPhone, were also present at the signing ceremony.



PHOTO: PUBALI BANK

AH Ziauddin Ahmed, deputy managing director of Pubali Bank Limited, and AT Ahmedul H. Chowdhury, managing director of Multi Promotional Services Limited, exchange documents after signing an agreement at the bank's head office in Dhaka recently. Khondkar Ibrahim Khaled, managing director, Abdul Hannan Bhuiyan, general manager of Pubali Bank Limited, and Khan Md Belayet Hossain, chairman of Multi Promotional Services, were also present.

Bangladesh financial sector reforms: Reflections on recent measures

MAHBUBUR RAHMAN

The financial sector that covers banks, insurance, capital market, merchant banks and other specialised financial institutions of any country are not without problems. The nature and degree of problems only vary from country to country.

In the present state of development in Bangladesh, non-banking financial institutions are playing a secondary role in meeting the financial needs of the businesses. The banks are still major source of institutional credit in the country in the absence of a vibrant stock market. But the main problem lies in the lack of depth of the market. There have been no meaningful efforts to streamline the non-banking financial institutions to help them meet a sizeable part of the credit needs of businesses. Furthermore, the piecemeal steps taken from time to time to bring the banks out of their straits have failed to yield the desired results.

Since banks continue to play a dominant role in the financial sector in Bangladesh. I think, it would be proper to concentrate more on the developments relating to its reforms and the outcome.

Bank reforms measures had been initiated in 1982 through the denationalisation of two public sector banks -- Uttara Bank and Pubali Bank -- and allowing a number of private commercial banks to operate. A National Commission on Money, Banking and Credit was formed in 1986 to identify the problems in the banking sector and suggest reform measures for efficient management of the banking institutions. A World Bank consultative mission employed under the Financial Sector Adjustment Credit (FSAC) submitted its recommendations at the beginning of 1990. The Financial Sector Reform Project (FSRP) was also initiated in the same

year to help implement the reforms suggested by the consultative mission. When the FSRP concluded its activity in 1996, the government formed a six-member Bank Reforms Committee (BRC) headed by Professor Wahiduddin Mahmud. The Committee presented its report in 1999 recommending a number of measures including (a) granting autonomy to the central bank; (b) strengthening prudential regulations; (c) strengthening regulatory framework and arrangements for provisioning, accountability of private banks and (d) restructuring of nationalised commercial banks (NCBs), freeing them from political interferences and bringing them under the control of the Bangladesh Bank.

The recommendations of various committees and commissions have not been much different from the actions suggested by the multilateral donor agencies except rationalising their recommendations in the context of country-specific environment. But the facts remain that despite significant liberalisation of the financial sector during the 1990s, the banking sector in Bangladesh is still mired in difficulties. While the performance of the private banks, numbering 31, appears to have improved in recent years, the problems in the four dominant NCBs and the development financing institutions continue to be acute. Despite a decline in recent years, the banking system continues to be dominated by the NCBs, which now account for almost 59 per cent of the overall bank deposits. The private commercial banks have a 34 per cent share in total deposits and the foreign banks 7 per cent. The basic problems of the banking sector has been the existence of huge non-performing loans, which increased to 43 per cent in 1999 from 32 per cent in 1995.

The non-performing loans now account for at least 30 per cent of the total outstanding loans. Though the share of the NCBs in the non-performing loans has declined a bit, it is still considered very high. The main components of the financial sector reforms have been the deregulation of the interest rates, stricter standard for loan classification and bad debt provisioning, adoption of the risk weighted capital adequacy requirements, strengthening regulatory framework, ownership restructuring, checking insider lending and strengthening supervision. There have been attempts by the central bank to implement all the components. But in most cases it has achieved partial success. It is pertinent to mention one important aspect that relates to high lending rates. This has been acting as a major deterrent to the growth of trade and industry in the country. To help reduce the rates, the Bangladesh Bank decreased the bank rates from 7 to 6 per cent in 2001. But the banks failed to respond to the desired extent.

The failure to respond adequately was mainly due to the mounting operational inefficiencies of the NCBs, particularly in relation to their inability to contain non-performing loans. The inefficiencies in NCBs are again the outcome of the frequent interferences from the Ministry of Finance and other influential quarters in the management affairs and loan decisions. The central bank had little role in the management of the NCBs. Different quarters also had for long been demanding the autonomy of the central bank. The adoption of two amendment bills -- the Bangladesh Bank Order (Amendment) Bill and the Bank Companies (Amendment) Bill -- recently by the Parliament has been intended to address these problems. But some of the provisions of the new pieces of legislation are, however, not above controversy. Stakeholders have already voiced their concern over the same.

The problems of the banking

sector are quite serious in nature. A few intermittent changes are unlikely to help overcome those. The multilateral donor agencies have been pressing for some drastic steps regarding the NCBs. Such steps are not also totally unjustified. Therefore, addressing the core problems faced by the NCBs can no way be delayed any further. This would not only help improve the health of the NCBs immediately but would also make their future privatisation rather trouble-free.

The private sector banks are also not without problems. The government is also trying to strengthen the operational as well as financial capability of these banks, which we welcome in the best interest of a healthy banking sector. But the authorities also need to be extra-careful; nothing should be imposed on the private sector banks arbitrarily which will make them sick, as is the case with the NCBs.

There has been some progress in banking sector legislation. But much more remains to be done to strengthen the legal framework and enforcement of laws. The government should take immediate steps to help establish asset management companies. This will help resolve the problem of non-performing loans. At the same time laws need to be enacted to facilitate smooth merger and acquisition of enterprises.

Some decisive actions on the financial sector reform agenda are urgently needed for the depth of the market and institutional as well as regulatory improvements. The insurance, leasing, and other non-banking financial institutions have their own problems. While initiating reforms, these sub-sectors should not be left out. (The article is an abridged version of a speech delivered by Mahbubur Rahman, president of International Chamber of Commerce (ICC) Bangladesh, at a business dialogue in Dhaka recently.)

Ctg port cargo handling up by 1.8m MT in 2002

STAFF CORRESPONDENT, Ctg

Cargo handling at Chittagong port increased by 1.8 million metric tonnes in 2002 over the previous year.

The port handled a record cargo of 21.4 million metric tonnes in 2002 as against 19.6 million metric tonnes in 2001.

Chairman of Chittagong Port Authority (CPA) Commodore (Rtd) Julfikar Ali disclosed the figures while exchanging views with the pressmen here on Thursday.

In 2002, the port handled 5,26,353 containers and 1602 vessels while in 2001 it handled 4,86,289 containers and

1631 vessels, Ali said.

The CPA chairman said efforts are on to raise the efficiency of the 115-year-old port.

"We want to make this port more user friendly and cost effective," he said, adding that a number of projects are now underway for the development of the port.

Some of the projects include procurement of gantry cranes and other equipment, installation of New Mooring container terminal and 33kv power sub station, introduction of vessel traffic system in port and construction of a 15 storied tower building to expedite

operational activities, he added.

Replying to a question, the chairman said an investigation into alleged irregularities in the recent recruitment of equipment operators at the port will start soon.

Turning to another question, the chairman said 45 acres of port land were recovered from land grabbers in the past two years.

When asked, he said despite a long-drawn process to obtain approval, the project of New Mooring container terminal is expected to be completed by December 2005.

JB cuts interest rates on deposits, loans, advances

BSS, Dhaka

Janata Bank has cut interest rates on deposits, loans and advances by 0.5 per cent to 1.0 per cent.

The Board of Directors of the bank in a meeting on Thursday decided to reduce the rates with a view to help boost country's economy by accelerating banking activities in order to attain national growth target, a bank press release said.

The bank sent a circular to its branches Thursday by re-fixing interest rates on deposits for different period and loans and advances.

The interest rate on deposits for savings deposits has been reduced at 4.5 per cent from previous 5.0 per cent. Short-term interest rate was cut down

at 3 per cent from 3.5 per cent.

Interest rate on time deposits for 3-6 months was reduced at 6.25 per cent from previous rate at 7 per cent. The rate for time deposits from 6-12 months was refixed at 6.50 per cent from 7.25 per cent earlier. Interest rate on time deposits for 1-2 years was cut down at 7 per cent from its previous rate at 7.75 per cent, and that for 2-3 years was fixed at 7.25 per cent from 8 per cent.

The interest rate on DPS was unchanged at 15 per cent, but that on 5-year SDPS was reduced at 9 per cent from previous rate at 10 per cent.

Besides, the interest rate on agricultural and other farm-loans was reduced at 11 per cent from previous rate at 12 per cent. Interest rate on

large and medium industries was cut down at 11.50 per cent from previous rate at 12 per cent, while for advances against current account was cut at 13 per cent from its previous rate at 14 per cent and for small and cottage industry it was reduced at 10.50 per cent from 11.50 per cent.

Interest rate on transport loans was reduced at 14.50 per cent from 15.50 per cent, while it was refixed at 13 per cent on loans for preservation of potatoes in cold storage from previous rate of 14 per cent. Interest rate on loans for brick fields was cut at 14.50 per cent from 15.50 per cent.

Besides, interest rate on commercial loans including import LCs was reduced at 14.50 per cent from previous rate at 15 per cent.



PHOTO: BASIC BANK

Md Salehuddin Quasem, managing director of BASIC Bank Limited, Harunur Rashid Chowdhury, general manager of Bangladesh Bank, and Zakiullah S Munshi, manager, Internal Control of American Express Bank, pose for a photograph at the end of a workshop titled 'Money Laundering and Its Prevention' organised by the bank at its head office in Dhaka on Tuesday.

Smuggling, politics hamper Pakistan-Afghanistan trade

REUTERS, Islamabad

Political differences and a row over smuggling have hampered Pakistan's trade links with Afghanistan, prompting Kabul to look for alternative trade routes, analysts said Thursday.

On a visit to Pakistan this week, Afghan President Hamid Karzai said bilateral trade was rising and the two sides had discussed several proposals to boost commercial links.

Official Pakistani statistics show bilateral trade in the first nine months of the 2002-03 fiscal year stood at \$168 million, up 20 per cent from the same period a year earlier.

But Afghanistan's growing commercial ties with other neighbours, particu-

larly Iran, have raised concerns in Pakistan that it is not reaping enough benefits from the rebuilding of the war-torn country after the ouster of the Taliban in late 2001, analysts say.

"There is no doubt that most Afghan imports at the moment are now coming in through Iran, and also Afghan exports are going out through Iran," said Ahmed Rashid, a Pakistani journalist and author of the bestseller "Taliban."

"Political issues take precedence over commercial issues," said Rashid, adding Pakistan cannot reap the full benefit of being the shortest trade route to Afghanistan unless these issues are resolved.

Pakistan has long been the key trading partner of land-locked

Afghanistan, but Kabul began using other routes after Islamabad imposed restrictions on Afghan transit trade in the 1990s.

Under a 1950s deal, Kabul had been allowed to import goods through Pakistan without paying duty. But most of these goods -- electronics, cosmetics, even contraband vehicles -- were smuggled back, costing Pakistan billions of dollars in lost revenue.

Islamabad responded by drawing up a "negative list" of goods that Afghanistan could not import via Pakistan. Many of these are still smuggled in, but the "negative list" has become a bone of contention between the neighbours.

World economy to recover slowly despite woes, OECD forecasts

REUTERS, Paris

The global economy should stage a slow-burning recovery now that the battles in Iraq are over, but anxiety over terrorism, disease and the way the world is run still pose multiple threats, the OECD said Thursday.

It forecast sluggish economic expansion of 1.9 per cent this year for

the OECD group of 30 mainly rich countries, close to the level in 2002, and said it expected a pick-up around the year-end to allow more healthy growth of 3.0 per cent in 2004.

"Worries about oil prices, anxiety in the face of war, fear of terrorism and epidemics, loss of confidence in international governance -- the list of the so-called geopolitical and psychological factors is long," chief

economist Jean-Philippe Côtis said in a preface to the twice-yearly report.

The situation had become a bit clearer since the US-led war in Iraq and the safeguarding of oilfields there, and brisk reconstruction of the country could help, Côtis said, predicting what he called a "progressive if unspectacular world recovery".

"While a relapse into recession cannot be totally ruled out, it remains

a low probability," the Paris-based Organisation for Economic Co-Operation and Development said in its twice-yearly Economic Outlook.

The risk of surging world oil prices related to war had now receded, it said in a report which assumed oil prices would average \$25 a barrel in the next year or more, not far from the level oil was trading at on Thursday.

US jobless claims surge

REUTERS, Washington

The number of Americans lining up for state unemployment benefits last week rose more than expected to the highest level in more than a year, the government said Thursday in a report showing further labour market erosion.

First-time jobless claims rose by 8,000 to 455,000 for the week ended April 19, the Labour Department said.

It was the highest level since the week ended March 30, 2002, and the tenth straight week that claims held

above the key 400,000 point, seen by economists as signalling an unhealthy labour market.

"The claims figure is pretty disappointing," said Cary Leahy, senior US economist at Deutsche Bank Securities in New York. "You had an increase in new claimants. This is a weak figure."

The numbers were far worse than the fall to 425,000 economists polled by Reuters expected.

A Labour Department official said there was nothing specific behind the rise in claims.

The dollar showed little initial reaction but then edged up on a surprise rise in March durable goods orders.

The four week-moving average for claims -- considered a more reliable measure because it irons out weekly fluctuations -- increased to 439,250, up 13,250 from the previous week. That was the highest level in a year.

The number of workers continuing on state unemployment benefits jumped 42,000 to 3.6 million for the week ended April 12, the latest week the data is available.