

RAKUB loan recovery exceeds target

STAR BUSINESS REPORT

Exceeding the target, Rajshahi Krishi Unnayan Bank (RAKUB) recovered a total of Tk 542 crore, including Tk 107 crore classified loan, in 2002-03 fiscal.

The overall recovery rate is 102 per cent of the target while it is 109 per cent for classified loan, RAKUB Managing Director Mujibur Rahman Khan said on Wednesday at a press conference at the bank's Dhaka branch.

During the period, the bank disbursed a total of Tk 575 crore, which was 109 per cent of the target, in various sectors including crop, livestock, goat rearing and other agro-based ventures.

The RAKUB managing director said the achievement in deposit collection also stood at 107 per cent. Starting with an initial capital of Tk 52 crore in 1987, now the bank has a liquidity of over Tk 1,000 crore, he said.

The bank earned a net profit of Tk 15.34 crore in the fiscal year 2001-02 and the profit might be Tk 17.5 crore in 2002-03, Khan hoped.

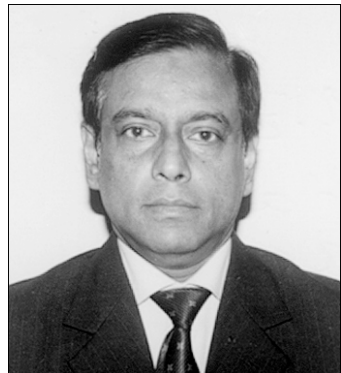
RAKUB disbursed highest amount of loan in the crop sector which was Tk 326 crore. The bank provided Tk three crore for goat rearing with a view to reducing poverty.

RAKUB Chairman Ruhul Kabir Rizvi told the press conference that the bank has achieved a remarkable success in the recovery of classified loans. "Our aim is to develop the country through the development of rural people," he said.

RAKUB has a total of 349 branches and a branch is likely to be opened soon in Chittagong, Rizvi said.

The bank's Deputy Managing Director FRM Hafiz-ul Islam was also present at the press conference.

New MD of BSB



M Ziaul Haq joined Bangladesh Shilpa Bank (BSB) as managing director on Tuesday.

Prior to his present position, he was deputy managing director of Janata Bank, says a press release.

He also worked with Rajshahi Krishi Unnayan Bank, Agrani Bank and Janata Bank as general manager.

Agrani Bank reduces ATM card charge by 50pc

Agrani Bank has reduced annual charge on its E-cash shared ATM card by 50 per cent.

Customers now have to pay Tk 500 instead of Tk 1,000 per year for using the card, says a press release.

At present, the shared ATM (automated teller machine) network has 21 booths in Dhaka, Chittagong and Sylhet where customers can use the card for withdrawing cash, knowing the balance and paying the utility bills round-the-clock.

Premier Bank's new branch on Elephant Road

Premier Bank Limited has opened its 14th branch on New Elephant Road in Dhaka.

Chairman of the bank HBM Iqbal formally inaugurated the branch, says a press release.

Managing Director MA Yussouf Khan said they are planning to open five more branches in Dhaka, Sylhet, Bogra, Barisal and Savar within this year.

Advisor to the bank Kazi Abdul Mazid said deposit of the bank has increased by about 4 times in a year.

Sponsor Directors of the bank BH Haroon and Abdul Kashem, Deputy Managing Directors Abdur Rob and Neaz Ahmed were also present.

ADB estimates industrial growth at 7.3pc in FY03

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The Asian Development Bank (ADB) has estimated Bangladesh's growth in industrial output at 7.3 per cent during FY2003.

The bank, in its latest economic update, has also projected a 5.8 per cent growth in service sector and three per cent in agriculture.

The country's gross domestic product (GDP) growth for FY2003 is estimated at 5.3 per cent compared to 4.4 per cent in the previous year due to the estimated growth in three major sectors, said the ADB in its Quarterly Economic Update.

The update, however, said the investment climate remained weak as reflected in low levels of both domestic and foreign investment.

The update for Bangladesh, June 2003, was released yesterday at a press briefing held at the bank's office in Dhaka. The bank's Country Director Toru Shibuchi and other high officials were present.

"Growth in industrial output

during FY2003 is estimated to increase to 7.3 per cent from 6.5 per cent in FY2002 mainly due to a recovery in manufacturing production and steady growth in electricity, gas and construction activity," the update said.

During the first eight months of FY2003, the bank said, year-on-year manufacturing output increased by 5.2 per cent compared to the corresponding period of FY2002.

Despite these improvements, the manufacturing sector continues to perform below its true potential, it observed.

"Infrastructure bottlenecks in energy, road transport and port, and weak governance limit the competitiveness of the manufacturing sector," the ADB pointed out.

Probable 5.8 per cent growth in service sector compared to 5.4 per cent in FY2002 is likely to be accounted for wholesale and retail trade, transport and communication, public administration and defense and social services, accord-

ing to the update.

Due to good harvest of aus and aman paddy and an increase in the area under boro cultivation, agriculture output for the year is likely to exceed three per cent compared with zero growth last year, it said.

The ADB update further said revenue collection in FY 2003 is expected to grow by 12.5 per cent over the revenue intake of the previous year.

The annual development programme (ADP) increased by only 6.9 per cent against the targeted 20 per cent growth, the ADB said, adding the fiscal deficit is expected to stand at 4.2 per cent of GDP due to lower growth in revenue income and ADP during the period.

Credit growth moderated to 12.8 per cent in April 2003 from 15 per cent a year ago while broad money growth increased to 15.2 per cent in April 2003 from 13.7 per cent in April 2002, it said on the government's monetary management.

Inflation on a point to point basis

increased to six per cent in March 2003 from 4.4 per cent in December 2002 as the food price index further accelerated to 6.7 per cent from 3.6 per cent during the period.

Elaborating the issue the ADB said the rural inflation has been rising faster than urban inflation. Till March 2003, rural inflation increased by 6.1 per cent as against an increase of 5.6 per cent in urban areas.

On the issue of balance of payment, the bank said the current account of the balance of payments (excluding official grants) for the first nine months of FY 2003 moved to a surplus of 555 million US dollars from a surplus of 48 million US dollars during the corresponding period of the previous year.

"Although the law and order situation has generally improved over the past year, there has been a number of incidents of law and order breakdown during recent weeks," it concluded.



Country Director of Asian Development Bank Toru Shibuchi speaks at a press briefing organised to release the bank's Quarterly Economic Update, Bangladesh yesterday in Dhaka.

Corporate governance in Bangladesh part-II

Delay in disposal of cases hinders good governance

M SHAMSUR RAHMAN

Delay in disposal of cases is one of the main constraints to establish good governance in corporate Bangladesh, says a draft final report of the Asian Development Bank (ADB).

It said cases filed by investors with courts are frequently heard by judges who lack experience and knowledge on corporate and securities law, resulting in delay in the proceedings of the cases.

"Litigation is extremely protracted and in general takes years before a decision is rendered. Under the system, trials are not scheduled for a specific time; rather, hearings are conducted for part of a day during a given month

and then carried over to succeeding months under the same procedure," said final draft report of the ADB, which was prepared under an ongoing ADB technical assistance project.

These delays make it virtually impossible to obtain timely relief to set aside improper corporate actions or direct compliance by the company with provisions of the Companies Act, the report said.

It said the ministry of commerce administers the Companies Act through the Registrar of Companies who is charged with overseeing not only public companies, but also thousands of private limited companies.

"With this extensive workload

the registrar does not possess the resources to deal with the intensive and often-complex matters of corporate governance associated with publicly traded companies," the report said.

Due to such limitations on the part of the registrar the enforcement of Companies Act cannot be ensured.

There are many types of conducts by public companies and their insiders, which are criminal offenses under the act. "These provisions under the Companies Act do not operate as a meaningful deterrent since the registrar lacks the staff and expertise to enforce the act," according to the report.

It also said lack of understand-

ing of securities laws by police officials and the corruption in the prosecution process make it difficult to prosecute such offenders.

The report, however, said the most serious constraint in establishing good corporate governance is the absence of effective external enforcement of corporate and securities laws by government and self-regulatory organisations.

Another hurdle to corporate governance is the absence of a meaningful channel for shareholders and others to check the insider fiduciary breaches and non-compliance with legal requirements relating to company's operation, the report added.

BGMEA seeks govt support to face post-MFA era

STAFF CORRESPONDENT, Ctg

Bangladesh Garments Manufacturers and Exporters Association (BGMEA) leaders have urged government to help garments sector survive the tough competition of open market economy in the post-MFA era.

While exchanging views with the press here yesterday, the BGMEA leaders also put forward several recommendations for further promoting the highest export earning sector.

The recommendations include reduction of lead time of export and import, withdrawal of refundable VAT, fixation of acceptable charge for freight forwarding, easier availability of utility services and helping sick factories overcome problems.

The BGMEA leaders said the Middle East Trade & Engagement Act, 2003, placed at the US Congress proposing duty and quota free export facilities for 18 Muslim countries including Bangladesh, would make the competition in the open market easier for Bangladesh and double its export volume as well.

In this regard they mentioned that Bangladesh garments have got duty free access to Australian market from this month, after availing of the duty and quota free access to the markets of Canada, Japan and Norway. The country

needs similar facilities to the US market, they observed.

The leaders said that different formalities in export and import made it difficult for the garments exporters to comply with the lead time as agreed with the buyers.

They emphasised establishing a central bonded warehouse to decrease the lead time to almost half. In this respect they also stressed simplification of delivery process of both export and import goods and enhancement of efficiency of Chittagong Port. They called for forming a committee comprising representatives from National Board Revenue, Bangladesh Bank and banks concerned to bring the freight forwarders under licensing process through security deposit and force them to abide by the law.

The BGMEA leaders said garments sector created employment opportunity for 18 lakh people while around 1.5 crore people depend directly or indirectly on it.

The sector fetched US\$ 4583.75 million, equivalent to Tk 26315.62 crore, in the fiscal 2001-2002, they said.

BGMEA first Vice-president SM Nurul Haq read out a written statement in the meeting while association leaders Md Ershadullah, Mahabub Ali, SM Fazul Haq, Shahabuddin and Helal Uddin Chowdhury were present.

Finished items can post 148pc rise in leather export earnings

Study reveals

M ABDUR RAHIM

Leather sector can post 148 per cent increase in earnings if the leather items are exported in finished forms, a study conducted by two associations said.

It said \$720 million could be

fetches annually from the sector, which currently earns less than \$300 million, mainly from export of crust leather.

The earnings from leather sector was \$290.68 million in 2000-01 of which only \$39.97 million came from finished leather prod-

ucts, said the study.

Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association (BFLFEA) and Bangladesh Tanners Association (BTA) conducted the study titled "Inventory of Leather Sector Industries of Bangladesh: Problems and Prospects."

It pointed out that more than 80 per cent of the total 180 million square feet yearly exports of hides and skins are crust leather.

However, the study said, a significant volume of the crust leather is exported in the name of finished leather to obtain higher rate of duty drawback facilities.

The leather processing industries enjoy higher rate of duty drawback facilities for finished leather than crust leather.

The government in 1990 banned export of wet blue leather in a bid to increase the export of value-added and finished products. But, the study said, the move benefits Bangladesh a little as traders in connivance with some customs officials export wet blue leather in the guise of finished one.

Large scale smuggling of leather to India further deteriorates the situation, Dr Karam Ali Ahmed, former principal of Bangladesh College of Leather Technology who compiled the study, said in the study.

Lack of modern machinery, weak management and wrong lending policy of banks, lack of cost analysis, high rate of interest and heavy burden of overdue bank loans are the prime impediments to develop finished leather industry, the veteran leather expert said.

BFLFEA Chairman Rezaul Karim Ansari told The Daily Star that export earnings from the sector could be raised to as high as \$720 million if the government reduces interest rate and provides necessary logistic supports to the export-oriented leather industry.

He said the Prime Minister at the International Leather Fair early

this year had assured of reducing lending rate for export-oriented leather sector to seven per cent from existing nine per cent but it is yet to be implemented.

The commerce minister also assured recently that he would sit with the industry leaders soon to discuss their problems and interest rate cut, Ansari said.

"Interest rate cut is key to rejuvenate the sector as overdue bank loan of the industry has soared to Tk 1,200 crore," he said.

The study recommended modernisation of Bangladesh College of Leather Technology for developing human resources.

The government should also make investment in research and development to develop new designs for finished products, it said.

Special incentives should be given to those who export finished leather products, Rezaul Karim Ansari, also the proprietor of Karim Leathers Ltd said.

He lauded the government for reducing import duty on chemicals and withdrawing proposed increase in supplementary duty on salt in this fiscal budget.

Bangladesh has 206 tanneries, 83 of them are sick due to huge overdue loans. They have a total capacity of processing about 400 million square feet of wet blue, 300 million square feet of crust leather and 130 million square feet finished leather per year.

Bangladesh produces about 223.71 million square feet leather including 117.54 million square feet of crust leather for export and 106.17 million square feet various type of finished leather for export and local consumption.

Indian export earnings from leather sector were \$1963.55 million in 2000-2001 in which finished leather products contributed \$1582.06 million.



Shoes made of leather are on display at a shop. A study reveals that leather sector can post 148 per cent increase in earnings if the leather items are exported in finished forms.

ICCB seeks Malaysian help in trade, investment

International Chamber of Commerce-Bangladesh (ICCB) has sought Malaysian cooperation in the field of trade and investment.

The request was made by the ICCB president Mahbubur Rahman at a meeting with the Malaysian High Commissioner in Bangladesh Ashaary Sani in Dhaka on Tuesday, says a press release.

During the meeting, ICCB chief sought support from Malaysia to strengthen export base of Bangladesh to substantially enhance its trade negotiation capacity to meet the challenges of globalisation.

He said there are a lot of opportunities for opening up business and trade and both the governments are taking steps to increase the business and trade between the two countries.

The Malaysian High Commissioner said his country will continue to look to Bangladesh for increased trade and investment co-operation.

He referred to the last visit of Bangladesh Commerce Minister Amir Khosru Mahmud Chowdhury to Malaysia when discussions were held for bolstering trade and investment in Bangladesh.

He further informed that Malaysian Proton Taxi will now be available in Bangladesh, besides cars that have been introduced earlier. Export of poultry and halal meat to Kuala Lumpur could be a very good possibility.

The Malaysian High Commissioner further added that relation between Malaysia and Bangladesh is "very friendly, warm and brotherly."

New chairman of Prime Finance



MA Khaleque has been elected new chairman of Prime Finance and Investment Limited.

The election was held at the 70th meeting of the Board of Directors of the company held in Dhaka on Monday, says a press release.

Khaleque is a sponsor director of the company.

Training on oil, gas pipeline construction

The Canadian Petroleum Institute (CPI) conducted a two-week intensive technical training programme for Bangladesh Pipeline Association members on pipeline engineering and construction in Dhaka recently.

Capacity building of the local companies in oil and gas pipeline construction is the objective of the training, says a press release.

A total of 30 management officials from the private sector pipeline industry attended the first of its kind training session. State-run Gas Transmission Company Ltd (GTCL) officials also joined the programme. Scott Kennedy and John Thrasher of CPI conducted training.

Private sector regulation implementation and support mechanism (PRISM), a Canadian International Development Agency (CIDA) funded bilateral technical assistance programme for capacity building of the private sector, organised the training.

GasMin Limited, a Bangladesh pipeline construction company, hosted the training programme.

JOBS training for cane goods producers

JOBS, a USAID funded project, is conducting a three-month skill development training programme for the cane product manufacturers.

JOBS has organised the workshop that began on June 15 in collaboration with Sylhet Cane Crafts, a lead buyer of cane products, says a press release.

A total of thirty manufacturers involved in producing cane products are participating in the workshop.

Handicraft export Quality, Internet use needed to enter US

STAR BUSINESS REPORT

Product quality, good packaging and adequate knowledge in Internet use are key to exporting handicrafts to the US market, an American expert told local women entrepreneurs at a workshop here yesterday.

"Quality is the main condition to export any item," said Andrea Snyder, an expert in product development in handicrafts for exporting to North America, while conducting the daylong workshop on market readiness for exporting handicrafts to the US.

Women Entrepreneurs Association of Bangladesh (WEAB) organised the workshop in collaboration with South Asia Enterprise Development Facility (SEDF) at the Anchor Tower in Dhaka.

Snyder suggested the entrepreneurs intending to export to pack their products in a way so that it can reach undamaged to the customers. They should also use the method of packing that is easy to handle for users, she said.

The American expert also told the entrepreneurs to acquire adequate computer knowledge. "They must have the access in the

Internet to catch the market," she said.

Snyder said the American people always like to use handicraft of new designs which should be another area of emphasis for the prospective exporters.

She advised the entrepreneurs to keep regular contact with the trade division of the US Embassy in Dhaka.

A total of 35 entrepreneurs specialised in handicrafts from different parts of the country took part at the workshop with a view to search market for their products made of jute and clay as well as nakshikantha.

Design developers from BSCIC also participated at the workshop.

According to Snyder, Bangladesh exported pottery worth \$12,355, crochet fabric worth \$5,150, made-up textile fabrics worth \$1,63,022 and cotton fabrics worth \$62,665 to the US market in 1997.

Coordinated by Shahrul Rahman the workshop was also attended by WEAB Vice President Sajeda Minhaj Mukul and two members Asfa Hossain and Mahmuda Haque Chowdhury.