

Star BUSINESS

DHAKA FRIDAY JULY 25, 2003

Dollar under pressure against taka

BSS, Dhaka

The US dollar was under pressure against the Bangladesh taka yesterday but was firm against the euro on profit-taking amid a dearth of fresh leads, dealers said.

The dollar traded at 58.3700-58.3900 to the taka today, higher than its previous closing at 58.3900-58.4000, on Wednesday, dealers of leading commercial banks said.

The demand for the greenback was moderate from importers and dealers bought dollar to replenish their nestro accounts abroad before the weekend holiday on Friday, dealers said.

They said the sentiment on taka was bearish at the money market was flooded with surplus funds since long due to low credit flow and thin investment.

"Every one in inter-bank trade tried to take long position in dollar because the US unit was firm in Asian trade against the euro on profit-taking activity", dealers said.

The euro bought 1.1477 dollars today, down slightly from 1.1480-1490 dollars in New York late Wednesday, and fetched 136.37 yen against 136.40-50 yen, dealers said.

"It's profit-taking but basically the euro will stay firm in the long term," dealers said.

The difference in interest rates between the two major economic zones was also narrowing, while US equities were outperforming their European counterparts, further dampening sentiment to push the euro any higher, they said.

"I think may be the current level is the ceiling and there will be a good chance to sell euro."

Meanwhile, the dollar traded at 118.82-85 yen today barely changed from 118.75-85 yen on Wednesday afternoon in New York, dealers said.

"Unless fresh trading leads emerge, the dollar-yen will unlikely find a clearer direction as intervention threats from the Japanese authorities continue to support the downside of the dollar," dealers said.

Call money rate steady

BSS, Dhaka

The money market remained packed with surplus liquidity yesterday due to thin credit flow and low investment, fund managers of leading commercial banks said.

The overnight money rate ranged between 4.00 per cent and 7.00 per cent in line with Wednesday's range, they said.

Citigroup ranks No 1 in top 1000 world banks list

Citigroup, holding company of Citibank NA, has ranked The Banker's latest listing of "Top 1000 World Banks" for the fifth year in a row.

Citigroup is the largest bank in the world in terms of capital of \$59 billion and with pre-tax profits of \$22.8 billion in 2002, says a press release.

It is also one of the most profitable banks producing a return on average capital of 38.8 per cent. Citigroup leads Bank of America, at two and four other US banks in the top 25.

Citigroup has also edged out Japan's Mizuho by having \$1097 billion of total assets.

With regards to market capitalisation at \$234 billion Citigroup leads while HSBC with \$133 billion secures the second position.

In 2002, overall bank profits showed a good sign of recovery and US banks in particular demonstrated that healthy profits could be made in so-called difficult economic circumstances.

IDLC workshop held

A workshop on 'Knowledge Management' was held at the head office of IDLC Bangladesh Ltd in Dhaka on Wednesday.

M Shafiqur Rahman, international consultant and chief software architect of knovision, conducted the workshop, says a press release.

Anis A Khan, CEO and managing director of the company, spoke of developing thought processes.

Participants at the workshop acquired a comprehensive understanding of the concepts, applications and technology of knowledge management.

Nine PCBs write off only Tk 718.62cr in 6 months

Governor agrees to relax two relevant rules

REJAUL KARIM BYRON

Nine private commercial banks (PCBs) wrote off only Tk 718.62 crore in six months till June this year, although they had around Tk 2,500 crore bad loans, which could have been written off.

This was revealed yesterday at a meeting between the chief executive officers (CEOs) of the nine private banks and Bangladesh Bank Governor Dr Fakhruddin Ahmed.

Dissatisfied with the slow pace of writing off bad loans, the governor directed the banks to set their targets within 15 days for writing off such loans till December this

year.

He said as Bangladeshi banks do not have a good image abroad, they should go for writing off their bad loans quickly. This will make their balance sheet cleaner and improve their image, he added.

"Writing off bad loans is an internationally recognised mechanism to clean up balance sheet," the governor was quoted as saying in the meeting.

Sources said the governor told the meeting that the banks could have written off at least Tk 2,500 crore during the six-month period.

Upon hearing the CEOs' complaints on handling the issue, the governor agreed to relax two rules

related to writing off loans.

Under the rules, the banks can only write off a loan five years after it becomes default and can not write off a loan before filing a case against the defaulter.

From now on, bad loans can be written off less than five years of becoming default. The banks can also write off a loan before filing a case with the money loan court.

The existing rules on selling out collateral of the defaulter before lodging case is one of the reasons for the delay in writing off bad loans, bankers told the meeting.

The meeting was told that on December 31 last year, these nine banks had a total of Tk 4,218 crore

classified loan. After writing off a part of it, their total bad loan stood at Tk 3,517 crore on June 30.

During this period, Pubali Bank Ltd wrote off Tk 117.39 crore, Uttara Bank Tk 265 crore, Arab Bangladesh Bank Tk 57.86 crore, Islami Bank Tk 105.12 crore, National Bank Tk 82.79 crore, The City Bank Tk 64.65 crore, United Commercial Bank Tk 15.92 crore, Eastern Bank Tk 3.06 crore and National Credit and Commerce Bank Tk 6.82 crore.

The central bank invited only nine banks of pre-1990 period in the meeting because the other private banks have very little amount of bad loan.

IBCS Primax gets SDF software development contract

Social Development Foundation (SDF) has given a Tk 3.5 million contract to IBCS-Primax Software (Bangladesh) Ltd for integrated MIS system design development and implementation of management information (MIS).

An agreement to this effect was signed between the two organisations in Dhaka recently, says press release.

M Hafizuddin Khan, managing director of Social Development Foundation (SDF), and S Kabir Ahmed, managing director of IBCS-PRIMAX Software (Bangladesh) Ltd, signed the contract on behalf of their organisations.

Mohammad Abu Taher Khan, general manager (Programme), Md Abdul Momen, general manager (MEL), M Azizullah, general manager (F&A), MIM Zulfikar, MIS specialist of SDF, and A Towhid, chairman of IBCS-PRIMAX Software (Bangladesh) Ltd, were present at the signing ceremony.

The project is being financed by the World Bank and the development work will start from August 1, 2003.

The project will be implemented from Gaibandha and Jamalpur and later it will be implemented in other districts of the country on priority basis.

The project is expected to be completed by May 2004.

Oil price up as US inventories drip lower

AFP, New York

World oil prices edged higher Wednesday as the United States reported a decline in commercial crude oil and gasoline inventories.

New York's benchmark light sweet crude contract for September delivery rose 18 cents to 29.67 dollars a barrel.

In London, Brent North Sea crude oil for September delivery climbed 29 cents to 27.78 dollars.

"There was a mixed reaction to the stocks data," said Refco analyst Marshall Steeves.

"The numbers were close to expectations but products were bid up a little (because of) refinery outages on the west coast," he added.

India sets up panels to boost reforms

REUTERS, New Delhi

India Wednesday set up two panels to monitor the implementation of policy issues to hasten the process of economic reforms launched more than a decade ago in the world's 12th-largest economy.

A government spokesman told reporters that the cabinet approved a list of priority areas for 2003/2004 for better implementation of policy issues.

The move comes after growing criticism of the government's handling of economic reforms and that it was putting on hold key reform issues to win mass support ahead of state elections later this year and national polls in 2004.

"The prime minister will directly monitor the implementation of steps to increase the country's share in world exports from 0.67 per cent to one per cent," he said.



PHOTO: FBCCI

Dhaka Mayor Sadeque Hossain Khoka (R) announces new trade licence fees and signboard taxes at a meeting at the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) conference room yesterday as FBCCI President Yussuf Abdullah Harun looks on.

DCC re-fixes trade licence fees

STAR BUSINESS REPORT

Dhaka City Corporation (DCC) yesterday announced the re-fixed trade licence fees for various categories.

The restructuring came following several rounds of meeting between DCC and Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Last year DCC had increased trade licence fees and signboard tax, which came under sharp criticism from the businesspeople.

DCC Mayor Sadeque Hossain Khoka announced the new rates of trade licence fee at a meeting with FBCCI members in Dhaka.

While restructuring the rates, DCC reduced licence fees of 53 out of 265 categories of trade, increased fees of 17 categories and kept unchanged fees of the rest 195 categories.

Announcing the new rates, the Dhaka City mayor said the fees were rationalised considering the interest of businessmen, specially the small traders.

He urged the businessmen to pay fees and taxes in time to help DCC provide city dwellers with quality services.

The mayor said DCC is going to introduce trade licence book, which will be renewable for five years, to reduce hassles of traders.

For importers, yearly trade licence fee has been re-fixed at Tk 750 which was Tk 1,000 in DCC's tax schedule of 2002. Licence fee of textile mill has been reduced to Tk 2000 from Tk 3000.

Fee for phone, fax, cyber cafe, PABX and Internet service providing shops has been re-fixed at Tk 750 which was Tk 1,000 last year.

The trade licence fee for private clinics with over 40 beds has been

reduced to Tk 10,000 from Tk 25,000.

The licence fee for air-conditioned guest-house has been re-fixed at Tk 7,500 from Tk 10,000 and Tk 3,000 from Tk 4,000 for non-AC guest-house.

On the other hand, NGOs will have to pay yearly licence fee of Tk 2,000 which was Tk 1,000 in 2002.

Licence fee for petrol pumps and CNG refuelling stations has been raised to Tk 3,000 which was Tk 2,000 last year.

Welcoming the new rate of trade licence fees, FBCCI President Yussuf Abdullah Harun said the fee rationalisation will benefit the traders.

FBCCI Vice-President Mohammad Ali, Chief Executive Officer of DCC AFM Solaiman Chowdhury, high officials of DCC and businessmen were present at the meeting held at the federation conference room.

Govt to import 1.5 lakh tonnes of sugar this year

UNB, Dhaka

Bangladesh will need to import some 1.5 lakh metric tons of sugar to meet domestic consumption this year.

An inter-ministerial meeting, chaired by Commerce Minister Amir Khosru Mahmud Chowdhury, yesterday assessed the import needs to bridge the gap between local production and consumption.

The country's 15 sugar mills, all in the public sector, have produced 1.77 lakh metric tons of sugar, while the official estimate of domestic demand is 5.20 lakh metric tons.

Private importers have a carried-over stock of 1.87 lakh metric tons, the meeting was told.

The meeting decided that the demand-supply gap would be met by imports. The cabinet would decide whether the private sector or the public sector would make the import, it said.

The issue of importing molasses was also raised in the meeting for the first time. A three-member committee, headed by a joint secretary of the Commerce Ministry, has been formed to look into whether the country needs to import molasses and to what extent.

Commerce Secretary Suhel Ahmed, Industries Secretary AFM Sarwar Kamal, Bangladesh Sugar and Food Industries Corporation (BSFIC) Chairman Mafzal Ahmed and senior officials of the National Board of Revenue and relevant government agencies attended the meeting.

Sugar experts, however, termed the official estimate "conservative and unrealistic," claiming that the country's minimum annual requirement of sugar would be 11 lakh to 12 lakh metric tons.

"Although official estimate of consumption is around 5 lakh metric tons a year, data shows that 6 lakh metric tons of sugar were

imported last year apart from around 2 lakh metric tons of local production," former BSFIC executive Yasin Ali told the news agency.

The gap of 3 lakh metric tons was apparently met by smuggling, he said.

Since India has an average annual sugar surplus of 40 lakh metric tons and the price is "much lower than ours," the chance of smuggling would always be there, he felt.

Ali, however, appreciated the government's liberalised policy of sugar import and said it had helped to reduce smuggling to a great extent as it leveled the prices of imported and smuggled sugar. The policy also brought the government about Tk 500 crore in additional revenue last fiscal year.

The retired sugar industry executive suggested that the government should give price subsidy of Tk 4 per kg to help the local sugar industry become viable and the consumers to get sugar at fair price.

Eco clearance for RMG industry Body to be formed to remove complications

STAR BUSINESS REPORT

Forest and Environment Minister Shajahan Siraj yesterday directed the authorities concerned to form a committee to work out ways to remove the complications in getting environmental clearance certificates for readymade garment industry.

Director general of the Department of Environment (DoE) will head the five-member committee. Other members of the body will be representatives from the environment ministry, the DoE and Bangladesh Garment Manufacturers and Exporters

Association (BGMEA).

The directive came when a delegation of the BGMEA, led by its acting President SM Nurul Haq, requested the minister to look into their problem in getting clearance certificates.

State Minister Zafrul Islam Chowdhury was also present during the delegation's visit.

The BGMEA acting president said environmental clearance certificates should not be made mandatory for apparel industry specially for woven, knitwear and sweater factories, as these are 'environment friendly'.

Sri Lanka tea prices mixed

REUTERS, Colombo

Sri Lanka tea prices were flat at the latest auction Wednesday, with a strong sale for low-grown teas, but high-grown, especially from the Western planting region, disappointing.

The anticipated gross sales average was 147 rupees (\$1.51) per kg, compared to 147.03 last week, Forbes and Walker Tea Brokers said in a statement.

"The low-grown did very well. Particularly the better teas are five to ten rupees up. My worry is these prices are too good to be true, and we could see a price correction," said Dilan Polonawitta, a broker at Forbes and Walker.

He said prices for low-grown were strong because quantity was lower than normal after May floods hit output.



PHOTO: STAR

A man sells bakharkhani, a traditional food item in the old part of Dhaka, with sweetmeat at Sadarghat launch terminal. The vendor's most of customers are porters, day labourers, launch passengers and street children. With an average sale of Tk 600, he can make a profit of Tk 100-150 a day.