

NCBs likely to get advisors

Cabinet committee to review draft tomorrow

REJAUL KARIM BYRON

In a major banking sector reform, the government contemplates appointing advisors to nationalised commercial banks (NCBs) to help improve their management skill and financial health.

The finance ministry has finalised a draft detailing tasks of the advisors, which will be presented at a meeting of the Cabinet Committee on Economic Affairs to be held tomorrow.

The government decision to appoint the advisors came following recommendations of the World Bank and the International Monetary Fund (IMF).

The World Bank will provide the necessary funds and technical assistance for the appointments.

Agrani Bank

According to the finance ministry proposal, the government will appoint an expert body, comprising a chief executive officer (CEO) and seven advisors for three years for reform of the state-owned Agrani Bank. If necessary, the tenure of the expert body may extend by one year.

The body will work for the development of the management and financial health. Besides, it will also ready the bank towards privatisation.

The reform work will conclude after preparing the bank for partial or full privatisation, according to the proposal.

A Bangladeshi citizen will hold the post of the CEO and advisors may both be local or foreign citizens.

Under the supervision of the

government appointed board of directors, the CEO will enjoy the executive power.

The advisors will be assigned in departments of credit, loan portfolio management, human resources, MIS, accounting, internal audit and asset or liability management of the bank.

Rupali Bank

The government is also planning to assign a financial advisor for restructuring of another NCB, the Rupali Bank.

The advisor will be assigned for seven months with the task of structural reformation. Besides, he will also work out a plan for privatisation of the bank.

He will also prepare a fact-based memorandum and will give the best solution to privatisation of the bank.

Sonali and Janata Bank

In order to bring dynamism and improve the skills of the banks' management, six or seven local or foreign advisors will be appointed in both the Sonali and Janata.

According to the available statistics, at present, the share of the four NCBs in the banking sector is 47 per cent and private commercial banks are holding 53 per cent.

In 2002, the non-performing loan ratios of the NCBs, local commercial banks and foreign commercial banks were 38.4 per cent, 17.4 per cent and 2.7 per cent respectively.

The provisioning ratios of the NCBs, local commercial banks and foreign commercial banks were 40.5 per cent, 66.3 per cent and 172 per cent respectively.

ONE Bank IPO subscription begins Aug 11

ONE Bank Limited will offer its shares for public subscription through an IPO scheduled from August 11 to 12.

The offer is being made to strengthen the bank's capital base, says a press release.

Underwritten by Capital Market Services Ltd, Manager to the Issue, and nine other reputable banking and financial institutions including Arab Bangladesh Bank Ltd, Bangladesh General Insurance Co Ltd, ICB Capital Management Ltd and others, the IPO package comprises 19,69,800 ordinary shares of Tk 100 each at par for Tk 19,69,80,000.

The relative share application forms and the bank's prospectus are available at the branches of ONE Bank Limited in Dhaka, Chittagong, Sylhet and Savar.

The forms will also be available at the following bankers to the issue: Investment Corporation of Bangladesh (ICB): Dhaka, Chittagong, Rajshahi, Khulna, Barisal, Sylhet and Bogra, Arab Bangladesh Bank Limited: Dhaka and Chittagong, Southeast Bank Limited: Dhaka and Chittagong, The City Bank Ltd: Dhaka and Chittagong, Bangladesh Shilpa Rin Sangstha: Dhaka, Uttara Bank Limited: Dhaka, Narayanganj and Chittagong, Dhaka Bank Limited: Dhaka and Chittagong and Prime Bank Limited: Dhaka, Narayanganj, Chittagong, Khulna, Sylhet, Barisal and Rajshahi.

Siemens signs contract with Ctg port

Siemens Bangladesh Limited (SBL) and Chittagong Port Authority (CPA) have signed a contract for the construction of 33/11 KV substation, and renovation of existing 11/0.4 KV substations.

The deal was signed between the two organisations on Saturday, says a press release.

AMM Shahadat Hossain, chairman of CPA, and Dr Peter E Albrich, managing director & CEO of SBL, signed the contract on behalf of their organisations.

Member (Engineering & Development) AK Rashiduddin Ahmed, Director Md Lutful Kabir, Chief of Planning Hadi Hussain Babul, Project Director Jamshed Hassan of Chittagong Port, and General Manager Engr Noor Uddin, Commercial Manager Md Aminul Hoque of Siemens Bangladesh Limited, and others concerned to the project were present.

The project would equip Chittagong Port with a new 33/11 KV substation, and renovated 11 KV distribution network with state-of-the-art technology to ensure uninterrupted power supply for the entire area.

Premier Bank signs deal with Link3

The Premier Bank Ltd has signed an agreement with Link3 Technologies Ltd for providing IP VPN and WAN solutions between its 13 branches in Dhaka, Chittagong, Ashuganj and Khulna.

Abdul Majid, advisor Premier Bank Ltd, and Ziaul Islam, chief operating officer of Link3 Technologies Ltd, signed the deal on behalf of their organisations in Dhaka yesterday, says a press release.

Saifur asks banks to extend cheap credit to agri sector

UNB, Dhaka

Finance and Planning Minister M Saifur Rahman yesterday asked the commercial banks to consider slashing interest rates to farmers and agro-based industries.

Agricultural entrepreneurs find both the interest rates and power tariffs unusually high, reducing profit margins of their enterprises.

Taking their concerns into cognisance, the finance minister yesterday summoned the executives of the commercial banks to tell them to lower their lending rate for farm sector at 9 or 10 per cent interest.

He said that many people feel encouraged to invest in agro-based sector, but industry could hardly

make profit after paying high interest on loans.

The finance minister castigated the nationalised commercial banks (NCBs) for charging high interest rate although they secure money from the central bank at only 6 per cent.

"Why do they charge so high rate of interest? In fact, they (NCBs) lack the attitude of entrepreneurial banking," Saifur said.

He also advised the commercial banks to set up agricultural wings manned by experts to provide counseling services to the entrepreneurs.

Banks in Bangladesh are free to set their respective lending rates as

the government liberalised the regime. Commercial banks argue that huge bad loans and higher interest rates of government's saving instruments raise their costs of fund, forcing them to charge higher lending rates.

Bangladesh Bank recently took up a move for lowering the interest rate of commercial banks.

Apart from four NCBs and two state-owned specialised banks for agriculture, very few private banks offer farm credit.

In India, the government last month ordered the commercial banks to make farm loans available at 9 per cent interest.

Lightening activities at Ctg port resume

STAFF CORRESPONDENT, Ctg

Transportation of goods from the mother vessels at the outer anchorage of Chittagong Port resumed at 4pm yesterday after the Coaster Owners' Association called off their strike following a meeting with the port authority.

The lightening activities were disrupted for 40 hours due to the wildcat strike enforced by the association on Tuesday night demanding increase in freight charges.

However, the association representing a section of the owners of

some 800 coasters agreed to call off their strike following a meeting with all concerned at the chamber of Chittagong Port Authority (CPA) chairman in the afternoon.

Chaired by CPA Chairman AMM Shahadat Hussain the meeting was attended by representatives from Coaster Owners Association, Chittagong Chamber of Commerce and Industry, C&F Association, Bangladesh Master Stevedores Association and port users.

The meeting decided to form a nine-member committee headed by a representative from Chittagong

chamber to fix-up a new rate of freight charges. The committee will submit a report within a week, meeting sources said.

Lightening activities of all nine vessels waiting at the outer anchorage with imported goods, including fertiliser, cement and industrial raw materials, remained totally suspended during the strike as several hundred coasters stayed idle.

Suspension in handling of imported goods, specially industrial raw materials, hampered production in different industrial units, sources said.

Don't allow sugar import through private sector

Merchants demand

STAR BUSINESS REPORT

Sugar merchants yesterday urged the government not to allow sugar import through private sector which they said would hurt local sugar industry.

They demanded to import sugar only through the Bangladesh Sugar and Food Industries Corporation (BSFIC) to meet the annual deficit.

Leaders of Bangladesh Wholesale Sugar Merchant Association (BWSMA), representing some 5,000 govern-



PHOTO: STAR

Members of Bangladesh Wholesale Sugar Merchant Association stage a demonstration in Dhaka yesterday demanding import of sugar through Bangladesh Sugar and Food Industries Corporation instead of private sector.

ment appointed dealers, raised the demand at a press conference in Dhaka.

Although sugar import is now suspended, an inter-ministerial meeting last week estimated that 1.5 lakh tonnes of sugar may be needed to import this year as the current stock is almost running out.

The government allowed the private sector to import sugar in June 2002 but the import was suspended in March this year, the BWSMA leaders said.

In the meantime, private sector importers brought six to seven lakh metric tons of sugar, BWSMA General Secretary Shamsul Haque Badal told the press conference.

The current annual demand of sugar is around six lakh tonnes while 15 state-owned sugar mills produce only two lakh tonnes annually.

To meet the deficit the government imports 2.5 lakh tonnes and the rest comes through unofficial channel that destabilises the market, the association leaders alleged.

But due to sugar import through private sector the BSFIC selected dealers can hardly make any profit as the selling rate of the private importers are lower, they added.

The sugar merchants claimed that private sector import also hurts local sugar industry.

"That is why we urge the government to import sugar and supply through dealers" said BWSMA member Ali Asgar Kamal, also chairman of Moulavibazar Babosayee Samiti.

BWSMA Acting President Abdur Razzaq said if the government permits the private sector to import freely, sugar industry may be ruined.

Association leaders Anwar Kabir, Abul Hasem and Amjad Ahmed were also present at the press conference.

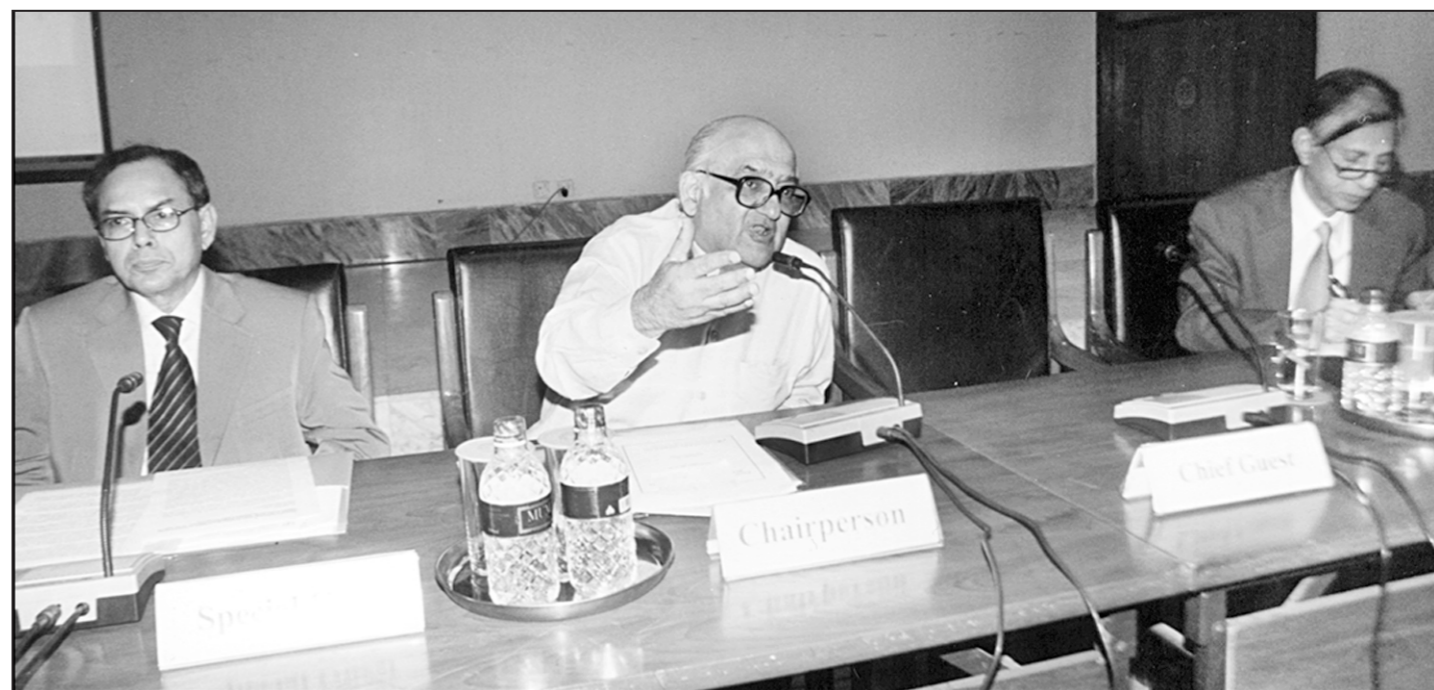


PHOTO: STAR

Centre for Policy Dialogue (CPD) Chairman Rehman Sobhan speaks at a dialogue titled 'Environmental Debates in the WTO: Defining Bangladesh's Interest' held at CIRDAP auditorium in Dhaka yesterday as Commerce Secretary Suhel Ahmed Choudhury (L) and Environment Secretary Sabihuddin Ahmed look on.

FBCCI to hold projection meet ahead of election

STAR BUSINESS REPORT

The FBCCI Election Board will hold a joint projection meeting featuring all candidates on a day between August 20 and 22.

The election board met yesterday to review preparations of the election slated for August 25. The board will publish the list of final candidates today. Yesterday was the last day of withdrawing candidatures. The board was verifying the withdrawal papers till filing of this report at 8pm yesterday.

Chairman of the board Lt Col (ret) Anisuzzaman said they are seeking convenient date from the candidates for the projection meeting. All the voters and candidates will be invited in the meeting to be held in FBCCI conference room.

He said the voters will ask questions to the aspirants regarding vision and development plan for the business community. It would be good opportunity for the aspirants of directors and other top posts to share their views with the voters, he added.

He said the meeting is a usual election event, which the board organises before every election.

The FBCCI (Federation of Bangladesh Chambers of Commerce and Industry) polls became uncertain after a High Court Division bench on July 26 issued a rule upon the government asking it to show cause in three weeks why the SRO on FBCCI election reform should not be declared illegal.

The High Court also stayed for a month the operation of the commerce ministry SRO that introduced a new system of election to the apex trade body.

The rule followed a writ petition filed by MA Rouf Chowdhury, president of the Bangladesh Vegetable Oil Refiners and Vanaspati Manufacturers Association.

But Appellate Division of the Supreme Court on Tuesday directed the board to complete the election as per the schedule announced on June 5, 2003, removing the uncertainty over the election.

CityCell prepaid phone facilitates NWD, ISD calls

CityCell prepaid phone subscribers have been provided with NWD (nationwide dialing) and ISD (international subscribers dialing) connections.

Clients of Aalap, CityCell's prepaid phone services with land-based T&T connectivity, will get the facilities without any additional cost, says a press release.

Earlier, Aalap had had 24 hours T&T incoming and 8pm-8am T&T local outgoing facilities. From now on, customers buying a new Aalap phone with T&T connection will be able to make NWD and ISD calls from 8pm to 8am.

NWD and ISD calls will be charged at the actual state-run BTB rate plus Tk 4 per minute. Twenty-second pulse is available after the first minute.

Existing users of Aalap with T&T incoming connection will also get the same facility. For users of Mobile 250 package, which has the similar benefit in post-paid, can get the same facility by giving additional deposit.

Aalap, the first prepaid phone in Bangladesh with T&T connectivity, is now available in all outlets of CityCell Digital, which now covers 50 districts.

Address green issues for market access

CPD dialogue suggests formation of nat'l body

STAR BUSINESS REPORT

A national standing committee should be formed immediately to identify the environmental dangers that may harm Bangladesh's future trade, specially production and export of its products, speakers at a dialogue said yesterday.

They called for hammering out solutions to the environment related problems Bangladesh may face in the coming WTO regime.

The speakers said Bangladesh has not yet given enough attention to the environmental issues but the environmental requirements set by importing countries will adversely affect the competitiveness and market access of Bangladeshi products.

The dialogue on 'Environmental Debates in the WTO: Defining Bangladesh's Interest' was organised by the Centre for Policy Dialogue (CPD) at the CIRDAP auditorium in Dhaka yesterday. CPD Chairman Professor Rehman Sobhan presided over it.

Speaking at the dialogue, Environment and Forest Minister Shajahan Siraj said the least developed countries (LDCs) did not see any positive measures on trade and environment issues that were discussed in the WTO meetings so far held.

The commerce and environment ministries with the help of local experts can jointly prepare a list of environmental goods and services (EGS) applicable for Bangladesh, he said citing example of India where EGS list has been prepared.

CPD Executive Director Dr Debapriya Bhattacharya stressed the need for identifying the barriers in this regard, saying the chambers should come up with detail information about the extent of the problems related to environmental requirements.

"Also, there is a need for having a cost assessment of environmental upgradation," he added.

Commerce Secretary Suhel Ahmed Chowdhury said market access is the major concern for

Bangladesh but he admitted that the country has not given enough attention to the environmental issues.

Emphasising a comprehensive effort to deal with the matter Environment Secretary Sabihuddin Ahmed said environment issues should not be addressed separately.

Dr Fahmida AKhatun, a research fellow of the CPD made a presentation on the topic.

Intensive use of chemicals in agriculture, industrial pollution, deforestation, land degradation for shrimp culture and dumping of wastes are major trade related environmental concerns for Bangladesh, she observed in the paper.

Fahmida said Bangladesh should closely monitor and participate in the procedures of the multi-lateral environmental agreements (MEAs) to extract benefit from such agreements and should find out which MEAs are affecting or may affect its trade performance.

Bangladesh, Pakistan, Bhutan to see increased ADB lending

AFP, Manila

The Asian Development Bank (ADB) said Thursday that it will boost lending to Pakistan, Bangladesh and Bhutan over the next three years.

Pakistan will be able to borrow 270 million dollars more over three years with programmed lending of 2.67 billion dollars between 2004 and 2006, the Manila-based bank said in a statement.

Lending to Bangladesh will rise by 11 million dollars yearly compared to previous levels, boosting the three-year total to 1.21 billion dollars.

ADB would lend Bhutan 28.2

million dollars in soft loans over three years, "subject to assessments based on the country's performance and availability of funds".

Bhutan will also receive 4.05 million dollars in technical assistance over three years, it added.

Islamabad will get more ADB support "in light of the government's concerned effort to implement an ambitious broad-based sectoral reform agenda, which has resulted in greater macroeconomic stability and policy reform in key sectors," the bank said.

It cited the government's effective debt management strategy, which has led to lower public debt in relation to its gross domestic prod-

uct.

Pakistan will also receive technical assistance grants worth 16.1 million dollars.

The Bangladesh loans will include 690 million dollars from the ADB's soft loan facility, the Asian Development Fund.

The government will also receive 15 million dollars in technical assistance. ADB cited encouraging structural and sector-specific reforms, but said further reforms were needed "to address the deep-rooted problems in governance and the financial and infrastructure sectors, in an attempt to improve the investment climate and move the economy to a higher growth path."

Grey sees purple patch in rural marketing campaign

STAR BUSINESS REPORT

Grey Advertising Bangladesh Ltd, a concern of Grey Worldwide Group, is going to launch a unique rural marketing campaign to further expand its market share.

The new campaign will begin within a month and is expected to strengthen the company's position in the local advertising market of around Tk 300 crore, Grey officials hope.

"We have already achieved a sound position in the advertising market in Bangladesh," said Nirvik Singh, chairman of Grey Worldwide Group-South Asia while exchanging views with journalists at the Grey Bangladesh office yesterday.

He said the main objective of the company's new advertising policy is to promote the products at the root level.

Under the new advertising strategy, first of its kind in South Asia, Grey will try to attract rural people by organising traditional Jatra (traditional musical drama), folk theater and puppet show, said Singh.



Nirvik Singh

"According to a rating of the renowned advertising magazine Ad Age, the New York based Grey Worldwide Group, established in 1917, is the largest advertising agency in the United States," said Singh.

Grey Advertising Bangladesh Ltd Media Group Head Ziauddin Adil said the company was launched in 1996. "Since then we are able to capture third position in the advertisement market of Bangladesh," he said.

He informed that advertising market expanded in Bangladesh by 76 per cent in six years from the year 1997 to 2003. The market which was around Tk 170 crore in 1997 now stands at Tk 300 crore.

According to Adil, Grey Bangladesh has nine per cent market share in the advertising field in Bangladesh.

The company's client list includes British American Tobacco Bangladesh (BATB), Glaxo Smithkline (GSK), Procter and Gamble, Coca Cola Bangladesh, Reckitt Benckiser, Novartis, Apex Group, Dhaka Bank, BRAC, Pacific Bangladesh Group, Rahimafrooz Batteries Ltd and Aarong.