

Break nexus between politicians, police, criminals: FBCCI

New leadership takes over

STAR BUSINESS REPORT

The new leadership of the country's highest trade body has called for breaking the 'nexus between politicians, police and criminals' that hinders business and investment.

Taking over as the President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka yesterday, Abdul Awal Mintoo said the culture of extortion and hooliganism must be uprooted from politics.

He cited the example of recent abduction of several businessmen and urged the government to take steps for improving law and order on priority basis to protect the business activities and maintain flow of investment.

FBCCI chief said economic emancipation of the people could not be ensured over the years as inter-relationship between politics and economy had not been duly recognised.

"Economy should be the highest priority of the government," he suggested saying governments are changing but the country failed to attain autarky as other issues supersede economy.

As Bangladesh is going to encounter an uneven competition in WTO regime, Mintoo urged the government to take urgent measures to solve the problems of the private sector, the prime mover of economy.

Criticising frequent changes in rules and regulations he said it impedes growth of private sector.

"The governments are usually reluctant to open up key sectors which ultimately increase the role of the government as policymaker and regulator," he added.

About investment the FBCCI chief said the government should not spare any efforts to increase investment both from local and foreign entrepreneurs.

On capacity building of the apex trade body, he said he would make efforts to set up a modern secretariat for FBCCI and approach the government for a new building.

Mintoo said he would sit with authorities concerned seeking a ban on plying of rickshaws during daytime in old part of Dhaka as non-mechanised vehicles bring traffic to a standstill everyday crippling business activities.

Prior to the takeover ceremony, FBCCI Election Board Chairman Lt Col (ret'd) M Anisuzzaman officially announced results of the polls held last month.

During the announcement, some directors led by outgoing vice-president Mohammad Ali walked out from the room. They, however, joined the other proceedings of the meeting.

Earlier, presiding over the 28th annual general meeting of FBCCI, outgoing president Yussuf Abdullah Harun said investment in private sector must be increased manifold to achieve a desired GDP growth of 6.5 per cent by 2006.

All elected and nominated directors of FBCCI and around 600 general members attended the programme.



WHISPERING TIPS: Outgoing president of the Federation of Bangladesh Chambers of Commerce and Industry Yussuf Abdullah Harun takes his successor Abdul Awal Mintoo into his confidence at the annual general meeting of the apex trade body in Dhaka yesterday.

Dutch-Bangla Bank cuts interest rate

Dutch-Bangla Bank Limited (DBBL) has reduced interest rate on primary agriculture products and agro-based industries.

The rate has been re-fixed at 10 per cent in both cases. Earlier, the rates were 12 per cent and 14 per cent for primary agriculture products and agro-based industries.

The rate on working capital loan for industry and foreign trade was also re-fixed at 12.5 per cent. Earlier it was 14 per cent, says a press release.

Interest rates on all other loans have been re-fixed between 12 and 13 per cent, which were between 14 and 15 per cent earlier.

Crystal Ins chairman reelected



Abdullah Al-Mahmud has been reelected chairman of Crystal Insurance Company Limited for another term of one year.

The reelection was held at the 12th meeting of the Board of Directors of the company held in Dhaka recently, says press release.

Mahmud is a young dynamic entrepreneur and has already established a number of industrial enterprises under the banner of Mahin Group of Companies of which he is the chairman.

Public funds to go to private banks: Saifur

STAR BUSINESS REPORT

The government has decided to divert public funds to private commercial banks (PCBs) as nationalised banks have failed to make a prudent loan portfolio, said Finance and Planning Minister M Saifur Rahman.

"The nationalised commercial banks (NCBs) have huge capital shortfall. If they give Tk 100 crore loans, they can recover at best Tk 10 crore and the rest becomes classified. How they will give loans?" he said.

The finance minister was speaking at a reception accorded to 27 borrowers of Bangladesh Shilpa Bank (BSB) who were adjudged the bank's best creditors in 2002-03. The BSB organised the function at Sonargaon Hotel in Dhaka on Sunday.

As the NCBs' financial health has become weak, the government is

trying to divert its fund to the PCBs in a bid to increase investment and generate employment that will ultimately reduce poverty, Saifur said.

According to a proposal of the Finance Division, more than 10 years old PCBs should be entitled to have 20 per cent of the funds earmarked for the annual development programme (ADP) and 25 per cent share of corporate funds. Heavily criticising the bank loan defaulters, the finance minister said entrepreneurs criticise the NCBs, having 50 per cent market share, for not giving loans. "But how they will provide loans if the borrowers do not repay?"

Saifur said reform measures are on to stabilise the banking and financial sector and make it viable to help grow the real sector.

Bangladesh Bank Governor Fakhruddin Ahmed also attended the function chaired by BSB Chairman Professor Abu Ahmed. BSB

Managing Director M Ziaul Huq also spoke.

Speaking at the function, the BB governor asked BSB to expedite its loan recovery drive by using the new law on money loan court.

He observed that lending rate in Bangladesh is still high compared to any other neighbouring country.

Professor Abu Ahmed said once the BSB had emerged as a 'hopeless case' but the situation has changed now. BSB's classified loan amount came down to 59 per cent from 72 per cent two years back, he added.

Presently, BSB is providing loans to the entrepreneurs with good track record.

The best creditors include Shamsuddin Spinning Mills, Techno Textile Mills, Monno Fabrics, Auto Spinning, Kader Synthetic Fibres, Nahid Cotton Mills, Mongla Cement Factory, Central Hospital, Wata Chemicals and Compath Ltd.

Govt forms body to assess reopening of four jute mills

UNB, Dhaka

A 10-member committee has been formed with State Minister for Jute Lutfur Rahman Khan Azad as convenor to recommend measures for reopening four state run jute mills.

Loss-making Peoples, Star and Eastern Jute Mills in Khulna and Quami Jute Mills in Sirajganj were laid off about a month ago, rendering more than 16,000 workers jobless.

The committee will review the existing position of the mills, identify their problems, explore financing sources and recommend measures to make them profitable or bring them to break-even point.

It will submit a report to the government within seven days, said an official handout.

Mayor of Khulna Sheikh Mohammad Tayebur Rahman, Whip Mohammad Ashraf Hossain MP,

Mohammad Ali Asgar Loby MP, Mia Golam Parwar MP, Principal Secretary to PM, Finance Secretary, Jute Secretary and the BJMC Chairman are members of the committee.

Informed sources said the committee will meet on Thursday.

They believe that closure of the jute mills largely contributed to the present unrest in Khulna.

Repo auction

UNB, Dhaka

The reverse Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Two bids of one-day tenor amounting to Tk 70 crore and three bids of seven-day tenor amounting to Tk 620 crore were received. But one bid of one-day tenor of Tk 50 crore and two bids of seven-day tenor of Tk 590 crore were accepted.

The rates of interest against the accepted bids of one-day and seven-day tenor were 3.30 per cent and 3.20-3.30 per cent per annum respectively.

Global recovery in focus as central bankers meet

REUTERS, Basel, Switzerland

Central bankers from major countries gathered on Monday to discuss whether the sluggish world economy was finally starting to respond to stimulus from record-low interest rates.

On the eve of the meeting at the Bank for International Settlements, a senior European Central Bank official said euro zone interest rates had fallen far enough to support a rebound that was expected by year's end.

"We have stability of interest rates at a very low level. It is not a time to speculate about a new cut in interest rates. It is time to invest," ECB Governing Council Member Guy Quaden told reporters in Basel late on Sunday.

"The economic activity was weak in the euro zone in the second quarter, but also in the euro zone the prospects for the economy in the coming months are better," he said.

Quaden is a voting member of the ECB's policy setting council and also governor of the central bank of Belgium. The ECB on Thursday held interest rates steady at record lows of 2.0 per cent and indicated they would stay there for some time.

WTO deal favouring poor states also to help the rich: WB chief

AFP, London

A good deal favouring poorer nations at this week's World Trade Organisation (WTO) conference in Mexico would also benefit the rich ones, World Bank president James Wolfensohn said in comments published in Monday's Financial Times daily here.

An agreement to reduce customs duties in both developing and developed nations would save exporters 520 billion dollars (468 billion euros), benefitting rich and poor, he argued.

Such a deal would boost growth in developed nations and save 140 million people from poverty by 2015, he added.

The WTO president also called on rich nations to lift their import barriers and for poor nations to liberalise their markets.

SEA-ME-WE4 submarine cable consortium bids open

Project to connect Bangladesh with high-speed telecom network by July '05

ABU SAEED KHAN

The multi-country submarine cable consortium yesterday opened bids for a mega project on transcontinental submarine cable, which will connect Bangladesh with the high-speed global telecom network by July 2005.

Members of SEA-ME-WE4 (Southeast Asia-Middle East-Western Europe 4) consortium were present when the bids were opened in Rome. Aiwardi Khandker, general manager (Planning and Development) of Bangladesh Telegraph and Telephone Board (BTTB), represented Bangladesh in the event.

French Alcatel, American Tyco, Italian Pirelli and German NSW along with KDD, Fujitsu and NEC of Japan are vying to get the contract for building the US\$ 750 million submarine cable system.

Lucent of USA, Nortel of Canada, Siemens of Germany and Ciena of France are also contesting to supply the peripheral equipment of this undersea network. Today these companies are submitting copies of respective bid to each consortium member country.

State-owned telecom providers of Singapore, Indonesia, Malaysia, Bangladesh, Sri Lanka, India, Pakistan, United Arab Emirates, Saudi Arabia, Egypt, Italy and

France along with troubled American carrier WorldCom and Indian private carrier Bharti are members of this consortium.

But Indonesia withdrew its membership when SingTel of Singapore acquired major shares of Indosat, state-owned telecom agency of Indonesia.

Meanwhile, the dominant carriers of Thailand, Algeria and Tunisia have expressed their desire to join the SEA-ME-WE4 consortium. Cable and Wireless of the UK and Reliance Group of India are also interested to be linked with this submarine cable network. The consortium will accept these new entrants if it faces the shortage of fund.

The consortium members will conduct primary evaluation of these bids by next Friday in Rome. Then the consortium, with its primary evaluation report, will meet the bidders in Singapore on October 6 to 15. The second and final meeting with the bidders will be held in Kuala Lumpur during November 3 to 10.

By then the consortium will have precise idea about its investment on this transoceanic submarine cable network.

Sources said despite the global downturn in the telecom investment, the consortium members have already committed 84 per cent of the estimated US\$ 750 million project

cost. Bangladesh government has earmarked US\$ 65 million as BTTB's contribution to the consortium.

The contract to build this cable system will be awarded to successful bidder in March 2004. The contractor will have to commission the cable system within 16 months. Therefore, Bangladesh will be terrestrially connected with the high-speed global telecom network not later than July 2005.

Meanwhile, BTTB has shifted the location of its submarine cable's landing station from Chittagong to Cox's Bazar. Sources said the high risk of cable cut due to fishing and anchoring in the Chittagong coast has prompted this dispute.

BTTB is now going to invite an international tender to rollout 160 kilometres optical fibre cable from Cox's Bazar to Chittagong.

The government has earmarked Tk 40 crore for this project. Initially it will be equipped with 622 Megabits per second (Mbps) capacity to carry 8,064 voice circuits. Ultimately it will be upgraded to 1,000 Mbps to handle 129,024 simultaneous international phone calls. Currently BTTB handles at a time only 3,333 international phone calls through its satellite circuits.

Dollar further gains against taka

BSS, Dhaka

The US dollar further gained against the Bangladesh taka and other major currencies in inter-bank trading yesterday amid a fear of yen-selling intervention by Japanese authorities, dealers said.

The dollar was traded at between Tk 58.4350 and Tk 58.4500 per unit yesterday compared to its previous range between Tk 58.4250 and Tk 58.4350 on Thursday, dealers said.

"The demand for the US dollar is very strong yesterday as trading in the most international markets resumed today after two-days weekend holiday. Importers are under pressure to pay their import bills," dealers of leading commercial banks said.

The inflow of dollar through remittance and export receipts was satisfactory level but dealers are very cautious about euro and yen following intervention fear.

Most dealers sold Japanese yen fearing a yen-selling intervention by the Japanese authorities. As a result, the local currency gained some points against the yen, dealers said.

"We saw a large amount of dollar-buying from Japanese and

foreign banks. Therefore many exporters sold their yen holdings to avoid any pitfalls," dealers on online trading said.

Following the suspected intervention, the dollar jumped to a high of 117.72 yen in Tokyo. The dollar was quoted at 117.26-28 yen in after noon trade, up from 116.84 yen in New York late Friday, dealers said.

Japan has been seen intervening in the market intermittently since the middle of last week after its currency rose sharply on news Tokyo had not intervened at all in August.

However, Japanese officials did not confirm their presence in the market and the yen regained some strength in early European hours.

The dollar was expected to remain exposed to downside risk, after the release Friday of a weaker-than-expected US job data, said dealer of a leading foreign bank.

The US Department of Labour showed US non-farm payrolls slipped 93,000 in August, well below the consensus estimate of a 19,000 rise.

Currency analysts said lingering fears over possible market intervention by Japanese authorities would continue to support the downside of

the dollar. But some analysts expect the yen to remain under upward pressure despite the authorities' efforts to muzzle its rise out of concern that appreciation will damage economic recovery.

"In the near term, the yen should be supported by a strong stock market, improving economic data and the widely expected re-election of Prime Minister Junichiro Koizumi as the leader of the ruling Liberal Democratic Party later this month.

Meanwhile, the euro stepped off Friday's two-week highs versus the dollar yesterday, which had been hit by disappointing labour data from the United States, dealers said.

The euro fetched 1.1082 dollars yesterday, against 1.1102 dollars in New York Friday. Against the yen, the euro stood at 129.98, against 129.65-75 in New York on Friday, dealers said.

But some currency analysts said the US dollar is still suffering from wounds inflicted by a disappointing jobs report, which showed US non-farm payrolls falling 93,000 versus forecasts for a 12,000 rise.



PHOTO: STAR

Activists of Alliance of Food Sovereignty Campaigns, Bangladesh take to streets yesterday as part of a caravan that arrived in Dhaka after visiting Khulna, Jessore, Jhenidah and Magura to protest 'aggression of the World Trade Organisation (WTO)'.