

Banks face withdrawal pressure on Eid rush

STAR BUSINESS REPORT

With only one more day left for transactions before Eid, commercial banks yesterday were teeming with people seeking cash withdrawal. And the transactions were double the normal volume, bankers said.

The clients queued up outside different branches of commercial banks from early morning yesterday, as there would be only one banking day, Saturday, before start of a three-day Eid-ul-Azha holiday.

In the face of the pre-Eid rush, many bank branches in Dhaka had to extend banking hours and hold transactions till yesterday evening although Thursday's banking hours officially end at 2:00 PM.

"Many people get their cheques of salaries or bonus in hand at the last moment and that's why we're providing the service stretching beyond normal business hours," a busy cash section officer of IFIC Bank's Karwan Bazar branch said.

He said the branch received about 300 cheques from clients by 9:30 AM that forced the bank offi-

cials to make a special arrangement of payment to such a huge number of people without hassle.

Many people, who intended to procure sacrificial animals today (Friday), drew money from banks yesterday. Hides and skins businessmen also rushed to the banks to receive the loans approved on the occasion of Eid-ul-Azha.

The huge pressure on the banks, however, had little impact on interest rate fluctuation in call money market. The rate generally hovered around 12 to 13 percent yesterday excepting a

few deals at as high as 15 percent.

Yesterday's call money market was dominated by the nationalised commercial banks which lent money to the tune of Tk 460 crore to the private banks. Besides, Bangladesh Bank lent Tk 550 crore under repurchase agreement (Repo).

According to the central bank statistics, banks had excess liquidity of around Tk 8,000 crore till last week.

ADB okays \$5.5 lakh grant to promote financial market

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The Asian Development Bank (ADB) has approved a \$550,000 (5.5 lakh) technical assistance (TA) grant to promote good governance in Bangladesh's financial market.

The TA will help prepare a Financial Markets Governance Programme (FMGP).

Building on a Capital Market Development Programme loan approved in 1997, the assistance will lay the groundwork to encourage good governance in the financial market.

The aim is to raise investor confidence, enable Bangladesh to compete effectively for funds in the international markets, and encourage greater investments in its domestic market.

The ADB will target activities that strengthen regulatory and supervisory capacity, improve

governance and operations of market intermediaries, boost corporate governance and public disclosures, raise accounting and auditing standards to comply with international norms and enhance market knowledge, institutional capacity, and skills of market participants.

The Securities and Exchange Commission, the two stock exchanges, the mutual funds and asset management companies (including in particular the Investment Corporation of Bangladesh), and non-bank financial institutions are the major market regulators and intermediaries that the TA will diagnose in depth to improve governance.

The assistance will review conditions that give rise to an uneven level playing field between government-owned institutions and private companies, and between non-bank financial insti-

tutions and banks.

In order to enhance market competition, the TA will suggest feasible ways to make incentives and market access uniform across different financial institutions. Actual and potential conflicts of interest will be identified, and remedial measures to eliminate or safeguard against conflicts of interest will be proposed.

The total cost of the TA is estimated at US\$690,000 of which the government will contribute about US\$140,000.

The Finance Division of the Ministry of Finance will be the executing agency for the TA. A steering committee including various ministries, professional bodies, and chambers will be set up to monitor and guide the TA, which is expected to be carried out over five months from January 2004.

Lula urges trade pact linking Brazil, India, South Africa

AFP, Mumbai

Brazilian President Luiz Inacio Lula da Silva called Wednesday for Brazil, India and South Africa to agree on a trilateral trade pact as part of a new bloc to take on developed economies.

Lula, whose four-day visit to India was due to wind up later Wednesday, has been seeking a free trade deal among developing countries as a way of offsetting the trading clout of developed nations.

"A trilateral agreement between India, Brazil and South Africa will give us the political will at the WTO (World Trade Organisation) to get the flexibility we need for our goods that are often taxed by the developed nations," Lula said a business seminar speech.

Lula said a Brazilian team led by the country's foreign minister would visit India in March to work out a preliminary plan to explore such an agreement with South Africa.

"Our foreign minister will come in March and talk to his Indian counterpart on a trilateral agreement possibility with India and South Africa," he told the seminar

hosted by the Confederation of Indian Industry.

He said an India-Brazil-South African trading bloc could be boosted by direct flights between Brazil and India via Johannesburg.

India and Brazil are leaders among the developing countries, which banded together at the failed WTO talks in Cancun last September to press the developed world to phase out farm subsidies.

Lula said Brazil and India needed to create a strong trading partnership with China and Russia to make their presence felt in a globalised world, especially at the WTO.

"At Cancun, no one believed the G21 (developing nations) could create such an impact. But we did, which makes us believe 20 countries representing more than half the world's population, can change rules of the world trade," he said. "We want to buy and we want to sell, but in an atmosphere of equality."

The Cancun discussions collapsed after delegates failed to agree on such issues as eliminating farm subsidies in industrialized nations and proposals to extend

the WTO mandate to cross-border investment.

"Many developed countries talk of free trade as long as it is free for them. The same countries create obstacles the moment we talk of our goods. The world respects only those who have self respect and India and Brazil have it and also many other similarities that can be advantageous to us," Lula said.

Earlier, Brazil's Tourism Minister Walfrido Mares Gula made a pitch to lure Bollywood, India's huge Hindi-language film industry, to the country.

"We have the Amazon, Rio De Janeiro and the beaches. We can be a destination for your film industry just as Switzerland or London," he told AFP.

He added that Brazil planned to boost two-way tourist traffic to 100,000 people by 2007 annually from a current 10,000.

During his visit, Lula, who was chief guest at India's Republic Day parade, signed a preferential trading deal with India and the Latin American trading bloc, Mercosul, giving India access to a common market of 220 million consumers.

Major foreign banks sign agreement with CDBL

Major foreign banks in Bangladesh have signed an agreement with the Central Depository Bangladesh Limited (CDBL) for investing in the equity shares of CDBL.

The agreement was signed at the conference room of Citibank NA Bangladesh in Dhaka on Wednesday, says a press release.

Qamar Hussain, senior country executive of American Express Bank, Mamun Rashid, CEO of Citibank NA, S Kutubuddin Ahmed, deputy general manager of Commercial Bank of Ceylon, David JH Griffiths, CEO of HSBC, JK Kanjilal, CEO of State Bank of India, and MH Samad, managing director and CEO of CDBL were present.

CDBL is the country's first central depository and the investment made in the equity of the depository would facilitate its operation in dematerialising the shares of Dhaka and Chittagong stock exchanges.

CDBL is also engaged in dematerialising the treasury bills issued by Bangladesh Bank.

IDLC branch opens at Dhanmondi

The Industrial Development Leasing Company of Bangladesh Limited (IDLC) has opened its 3rd branch at SEL Centre, West Panthapath, Dhanmondi in Dhaka.

Anwarul Huq, chairman of the Board of Directors of the company, inaugurated the branch as chief guest, says a press release.

IDLC directors Abbas Uddin Ahmed and Akhtar Ahmed, CEO and Managing Director Anis A Khan, Director and Company Secretary Yongbok Jo, and Rehab President Toufik M Seraj and Vice president Md Abdul Awal were present.

A large number of clients, real estate developers and senior executives of the company also attended the function.

Over the years, IDLC has been serving the diverse needs of its customers with product offerings ranging from home loans and deposit schemes for individuals to lease finance, bridge finance, syndication, merchant banking for small and medium enterprises and for large corporate bodies.

HSBC Bangladesh in Dubai festival

The Hongkong and Shanghai Banking Corporation (HSBC) Bangladesh is taking part in the month-long Dubai Shopping Festival to promote 'Bangladesh International', a product for non-resident Bangladeshis (NRBs) to remit their earnings to Bangladesh.

The product will help the expatriates to send remittances through proper banking channels, says a press release.

Bangladesh International enables the expatriates to open foreign currency current accounts and interest bearing deposit accounts in US dollar, pound sterling and euro.

HSBC also provides Wage Earner Development Bonds (WEDB), US Dollar Bonds (USDB), taka overdrafts and other loan facilities under Bangladesh International.

NRB account holders also have access to more than 800,000 automated teller machines (ATMs) around the world.

The HSBC is the only bank from Bangladesh participating in the festival.

The festival will continue till February 15.

US mission team meets BCI chief

A two-member delegation of US mission in Dhaka met AK Azad, managing director of Ha-Meem Group and president of Bangladesh Chamber of Industries (BCI), in Dhaka on Wednesday.

Zudith K Chammas, deputy chief of mission of US Embassy, led the delegation. Dundas McCullough, counselor of Political and Economic Affairs, was the other member of the team, says a press release.

BCI chief and the US diplomats discussed several issues including trade imbalance between the two countries, duty and quota free access of Bangladeshi products, trade unionism in the EPZs and law and order situation in Bangladesh.

'Express lane facility' in the offing

'Low-risk' importers to get quick customs clearance

REJAUUL KARIM BYRON

The National Board of Revenue (NBR) is going to introduce 'express lane facility' (ELF) for big and 'low-risk' traders to accelerate clearance of goods imported by them.

The World Bank has prescribed the computerised system of quick customs clearance with a view to modernising the revenue administration of Bangladesh.

"The ELF will be under way on a pilot basis as soon as the computerisation in the NBR is completed," said a high official of the NBR when asked about the facility.

But he said the businessmen will have to computerise their own institutions and send their documents online for easier processing and clearance of their goods.

The ELF was proposed by the World Bank in a report titled 'Bangladesh Modernisation of Revenue Administration: Key Elements of Modernisation Strategy and Options for World Bank Support'.

that was submitted to the government in the first week of January.

For introducing the facility, the NBR is identifying the 'high-risk' and 'low-risk' importers. Once the ELF is introduced, the customs will be able to put greater focus on the 'high-risk' consignments and better utilise its resources.

The 'high-risk' traders will still be subject to full fiscal scrutiny, including extensive documentary and physical examination.

To deal with the two categories of traders, the NBR may have to create a separate monitoring unit - Major Traders Audit Unit or Compliance Audit Unit, officials said.

Otherwise, the monitoring will be brought under the supervision of the Large Taxpayers' Unit to maintain overall compliance control, auditing company accounts and examining targeted consignments to make sure the trader complies.

In case of irregularities, the traders will lose their privileges of

'low-risk' traders.

Other than the ELF, the WB has made ten recommendations. They include discontinuation of amendments to tariff rates within the calendar year, identifying opportunities to further simplify the tariff code, completing closure of bond warehouses and introducing more comprehensive audits of bonded warehouses.

Meanwhile, NBR has assigned three of its members -- Sheikh Hafizul Kabir, Zahir Mohammad and Ali Ahmed -- to identify feasible prescriptions given by the Revenue Reforms Commission (RRC) for next financial year's budget.

The RRC submitted its report with some 500 recommendations to the government in the middle of January.

"The assigned members are to identify which recommendations are achievable for the coming budget and which are more feasible in future budgets," an NBR high official said.



PHOTO: IDLC

Anwarul Huq, chairman of Industrial Development Leasing Company of Bangladesh Limited (IDLC), formally inaugurates the 3rd branch of the company at SEL Centre, West Panthapath, Dhanmondi in Dhaka. Director Abbas Uddin Ahmed, Director Akhtar Ahmed, CEO and Managing Director Anis A Khan, Director and Company Secretary Yongbok Jo and other senior executives of the company are also seen in the picture.

Asia-Latin American officials discuss closer economic ties

AFP, Manila

Senior officials of 32 Latin American and East Asian countries began meetings in the Philippine capital on Thursday to discuss forging closer economic, cultural and possibly political ties.

The meeting will set the agenda for the Forum for East Asia Latin America Cooperation (Fealac) conference of foreign ministers to formally open late Thursday at a dinner in the presidential palace.

Philippine ambassador George Reyes, spokesman of the Fealac meeting, said the session of senior

officials would initially take up "items where there is ready consensus," such as closer economic and cultural cooperation between the two regions.

Later, the officials will also discuss "topics where there is no consensus yet," mainly the calls from East Asia for greater "political collaboration," Reyes said.

He explained that the Latin American countries still disagreed on whether there was a basis for greater political collaboration with East Asia.

Reyes however said host nation

Philippines believed that economic and cultural ties would eventually lead to "more political dialogue."

This would hopefully lead to the two regions possibly "synchronizing policies on political issues in international fora," for example in matters regarding the Korean peninsula.

The Fealac working group on economic matters already has concrete projects to be discussed by the senior officials before they are referred to the foreign ministers, Reyes said.

Development aid set to rise by 50pc in 5 years: OECD

AFP, Paris

Development aid flows are set to rise by 50 percent in the five years to 2006 but much depends on the United States and leading European countries that are behind in meeting targets, the OECD reported on Wednesday.

But the organisation noted that emergency humanitarian help, rather than long-term aid to the poorest, was rising as a proportion of all aid.

Developing countries must make progress in many areas, "including by creating an environment where the private sector can thrive", the OECD said in its annual development co-operation report.

OECD countries must do more to promote growth in poor countries with coherent policies taking account of the countries' needs.

However, the proposed aid increases, if achieved, would be the biggest in the 43-year history of the development assistance committee (DAC) of the Organisation for Economic Cooperation and Development.

But even if the 2006 targets were met, "aid would still be under 0.3 percent of DAC members' aggregate gross national income, compared with a UN target of 0.7 percent."

And regarding progress towards another set of targets for 2015, the

Millennium Development goals set at the UN millennium summit in 2000, the report concluded that "many of these goals will not be met -- for health in most regions and in sub-Saharan Africa for many others".

The DAC committee co-ordinates development aid policies by the main donor nations in the world.

The OECD said that "aid flows are set to rise to 75 billion dollars (\$9.52 billion euros) by 2006 from \$2 billion in 2001," according to pledges made in Monterrey. "This was a reference to the UN financing for development conference held in Monterrey, Mexico, in March 2002."



New chairman of Union Capital

M Faizur Rahman has been elected chairman of Union Capital Limited, a non-banking financial institution.

The election was held at the board meeting of the company recently in Dhaka, says a press release.

Rahman is also a director of Pubali Bank Limited, National Tea Company Limited and Infrastructure Investment Facility Centre.

He is also the founder chairman and managing director of Asian Surveyors Limited.

CPD workshop on trade policy appreciation concludes

A three-day workshop on trade policy appreciation jointly organised by the Centre for Policy Dialogue (CPD) and the Centre for Trade Policy and Law (CTPL), Canada concluded in Dhaka yesterday.

Chaired by M Syeduzzaman, member of CPD Board of Trustees, the certificate awarding ceremony was also attended by State Minister for Foreign Affairs Reaz Rahman and Robert Beadle, head of Development Co-operation of Canadian High Commission in Dhaka.

Various systemic and agreement-specific issues in the ongoing negotiations in the WTO, and contention issues of the WTO Cancun Ministerial Meeting were discussed at the workshop.

A total of 40 professionals from various ministries, academic and training institutions, trade bodies, media, NGOs and civil society organisations involved in trade-related programmes and activities participated in the workshop.

Dr Shishir Priyadarshi, counselor of WTO Secretariat, Ambassador Dennis Browne, emeritus director, Sarah Geddes, research officer, and Rosemina Nathoo, legal advisor of the CTPL, and Dr Debapriya Bhattacharya, executive director, Mustafizur Rahman, research director, and Dr Ananya Raihan, Dr Uttam K Deb and Dr Fahmida Khatun, research fellows of CPD, conducted the workshop.

India bans all poultry imports

AFP, New Delhi

The Indian government said Thursday it has banned all poultry imports from all countries following the outbreak in Asia of a deadly bird flu virus.

"India has completely banned the import of poultry (products) from any country following the outbreak of the deadly bird flu," Health Minister Sushma Swaraj told reporters here.

"We are on an alert in the border areas. Punjab, Rajasthan, Gujarat and the northeastern border states are on a heightened vigil."



PHOTO: CITIBANK NA

Picture shows S Kutubuddin Ahmed, deputy general manager of Commercial Bank of Ceylon, David JH Griffiths, CEO of HSBC, MH Samad, MD and CEO of Central Depository Bangladesh Limited (CDBL), Qamar Hussain, senior country executive of American Express Bank, JK Kanjilal, CEO of State Bank of India, and Mamun Rashid, CEO of Citibank NA Bangladesh, at the signing ceremony of shares subscription agreement with CDBL in Dhaka on Wednesday.