

Banks write off Tk 4,758cr bad loans in 2003

STAR BUSINESS REPORT

In 2003, local and foreign banks operating in Bangladesh wrote off Tk 4,758 crore in bad loans out of the total about Tk 18,000 crore.

The nationalised commercial banks (NCBs) have written off Tk 2,583 crore, private commercial banks (PCBs) Tk 1,342 crore, specialised banks Tk 794 crore and foreign banks Tk 4 crore, according to banking sources.

A high official of a private bank said the volume of default loans decreased last year following writing off of bad loans in compliance with a Bangladesh Bank regulation.

"Writing off is not waiving loans. This is an internationally practiced method of clearing the banks' balance sheets. It has been done so that banking sector in Bangladesh could gain more confidence globally," explained a central bank official.

According to central bank statistics, the rate of default loans dipped to 22 percent of the total loans in December 2003 from 28 percent a year ago. The NCBs brought down the rate to 29 percent from 34 percent and PCBs to 12 percent from 17 percent.

"For writing off, we mainly considered the loans that defaulted in the seventies and those having

weak security base," an NCB official told The Daily Star. The banks also wrote-off loans defaulted back in 80s and 90s.

The total bad loans in NCBs amounted to Tk 9,754 crore in September last year. Of the amount, Sonali Bank wrote off Tk 872 crore, Janata Bank Tk 601 crore, Agrani Bank Tk 629 crore and Rupali Bank Tk 479 crore until December 2003.

The amount of PCBs' bad loan was Tk 4,147 crore in September 2003. Out of 30 private banks, 13 have written off their bad loans. "Among them, six banks have written off 90 percent of the total bad loans in PCBs," said a source.

According to available statistics, Pubali Bank has written off Tk 163 crore, Uttara Bank Tk 324 crore, AB Bank Tk 132 crore, City Bank Tk 203 crore, Islami Bank Tk 135 crore and IFIC Bank Tk 298 crore.

Among other PCBs, UCBL has written off Tk 31 crore, Eastern Bank Tk 19 crore.

NCBL Tk 23 crore and Prime Bank Tk 7 crore.

Among 10 foreign banks operating in Bangladesh, three have written off their bad loans. Standard Chartered Bank has written off Tk 2.56 crore, HSBC Tk 0.64 crore and Shamil Bank of Bahrain Tk 0.87 crore.



A delegation from Bangladesh Employers' Federation led by its President M Anis Ud Dowla called on Local Government, Rural Development and Cooperatives Minister Abdul Mannan Bhuiyan in Dhaka yesterday. State Minister for LGRD and Cooperatives Zeaul Huq Zia was also present.

SEC extends suspension on 14 cos

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has extended the suspension on share trading of 14 companies for another 14 working days.

The capital market regulator yesterday directed both Dhaka and Chittagong stock exchanges to implement the decision immediately.

SEC had suspended share trading of 16 Z-category companies on December 3 last year following unusual increase in their share prices although the companies had been out of production for long.

Of them, two companies -- Therapeutics Bangladesh Ltd and Bangla Process Ltd -- have been exonerated as they resumed production.

The 14 other companies are Biscal Steel, Karim Pipes, AB Biscuit, Dhaka Vegetable, Paragon Leather, Rupon Oil, National Oxygen, STM Limited, Gem Knitwear, JH Chemical, Mark BD, Texpic Industries, High Speed Shipbuilding and Meghna Vegetable.

Exports up 28pc in Jan

Strategic monthly target surpassed by 20pc

BSS, Dhaka

Export earnings have registered a spectacular rise of 28.25 percent in January this year.

The export figure for January 2004 stood at \$730 million, compared with \$570 million for January 2003. This is one of the highest monthly export growth in recent years and particularly after September 11 tragedy in the USA, commerce ministry sources said.

The January performance is spectacular also in terms of excess achievement related to average monthly export target of \$609 million. The actual achievement (\$730 million) of the month was 20 percent above the nation's strategic target.

The fact that export is building into a tempo over the recent months can be seen from last December's performance as well. Against an overall growth of 12 to 15 percent in earlier months, the December 2003 performance was more than 18 percent over the achievements in previous December.

From an average viewpoint, the export growth over the last seven months, however, stood at 16.2 percent over the corresponding period in the previous export year. Much of the rise in Bangladesh's export is taking place in the EU market, said the sources.

The pick up in export performance over the last few months is highly encouraging and the commerce ministry is very much satisfied with it.

The overall export target for the seven months, from last July to January this year, at \$4,330 million was initially viewed as quite ambitious but, it has so far been achieved, said the official source.

Trade statistics for the seven months showed a phenomenal 64 percent rise in export of light engineering products. Rise in export of ceramic tableware reported at 38 percent, footwear at 47 percent, home textiles 80 percent and knitwear at 26 percent.

Export performance of handicrafts, electronics and bicycles was not so impressive and the commerce ministry will carry out an in-

depth review of those sectors not performing well and take remedial measures.

Export of readymade garments (woven) increased by 12 percent in the seven months which is quite a significant growth in view of the huge size of the garment industry.

Even the leather sector, which did not perform well last year saw a 16 percent rise in exports in January this year. Pointing to launching of the skill development programme in January this year for garment sector, some sources said that five institutions are training workers in collaboration with the BGMEA.

They said Bangladesh would be able to export high value clothes once the programme is implemented and export earnings from RMG sector would significantly rise then.

Some of them said that the commerce ministry is also in the process of finalising a Post-MFA (PMFA) Action Plan to make easier landing for Bangladesh apparel industry in the global free market from January 2005.

RAKUB's loan scheme to promote herbal nursery

STAFF CORRESPONDENT, Rajshahi

Rajshahi Krishi Unnayan Bank (RAKUB) has announced a special loan distribution programme for entrepreneurs to establish herbal nurseries.

Entrepreneurs in Nature's Kholabaria village, known for growing herbs, can now get loans for producing and marketing herbs, RAKUB Managing Director Dr Mujibur Rahman Khan at a function on Monday. The state-run specialised bank accorded a reception to Afaz Pagol who played a remarkable role in popularising farming of medicinal plants in the village.

The loan at ten percent interest rate will encourage the herbal growers in the northern district, said Khan.

Elaborating the special loan scheme, the first of its kind in the country, Khan said entrepreneurs can get loans between Tk 5,000 and Tk 10 lakh on easy terms for marketing and processing of herbal medicines.

Khan also told the function held in Kholabaria school premises that Kholabaria villagers produce herbal medicines worth Tk one crore in a month.

Citibank seminar on forex risk management held in KL

Citibank NA, Bangladesh organised a three-day seminar on 'Foreign Exchange Risk Management' in Kuala Lumpur recently.

Piyush Gupta, chief executive officer and Lung Lung Nien Lee, financial market head of Citibank Malaysia, inaugurated the seminar. It was attended by 21 treasury executives and dealers of the nationalised and private banks operating in the Bangladesh inter-bank market.

The seminar aimed to discuss various modern tools and techniques in managing foreign exchange risks and local market perspective.

Gupta, in his speech, advised dealers not to get carried away with high hopes for profit rather to practice appropriate risk management culture to manage any risk of losses.

He added that Bangladesh Bank's recent floatation of the taka exchange rate and introduction of repo and reverse repo would create good opportunities for dealers in the domestic market.

Sim Moh Siong, vice-president of Economic Research -- Asia Pacific, also spoke at the seminar. Senior central bank official and commercial banker from Bangladesh, Citibank executives from Malaysia and Bangladesh were present.

Correction

In a news item headlined "NYK Line (BD) hosts first ever Shipper's Nite" published on this page yesterday it was stated that NYK Line (Bangladesh) Ltd, a subsidiary of NYK Line, is operating in Bangladesh for the last two and a half years. In fact, the company has been operating in Bangladesh since November 2003. We regret the inadvertent mistake.

High initial cost retards solar energy development

Workshop observes

STAR BUSINESS REPORT

Participants at a workshop yesterday observed lack of awareness and high initial installation cost are the main obstacles to development of PV (photovoltaic) technology used for solar energy system.

Speaking at the workshop Prof Muhammad Ibrahim, executive director of Centre for Mass Education in Science (CMES), said due to lack of awareness people do not know about this technology for the renewable energy.

Grameen Shakti, an organisation working on renewable energy, and CMES jointly organised the workshop on 'Studying Barrier and

Identifying Important Measures for PV System Commercialisation/Development'.

Still there are lots of problems in the renewable energy sector which have to be addressed for the growth of PV technology, Ibrahim said.

He also mentioned initial cost of renewable energy is very high.

Dipal C Barua, managing director of Grameen Shakti, said his organisation, which started its journey in 1996, is working on providing remote areas with electricity.

"Grameen Shakti has so far installed 21,000 solar home systems with the capacity of more than 1 MW power across the coun-

try," he said.

"Our ambition is to install 100,000 solar home systems by 2008," he added.

In Bangladesh, only 30 percent people have access to electricity.

Barua also told the workshop the country lacks adequate training facility for renewable energy technology.

The workshop was conducted under the 'Renewable Energy Technologies in Asia: A Regional Research and Dissemination Programme' funded by the Swedish International Development Cooperation Agency (SIDA) and coordinated by the Asian Institute of Technology (AIT).

China's central bank mulls more lending restrictions

AFP, Beijing

China is mulling a new plan to restrain lending by some of its commercial banks amid mounting concerns that the economy is growing too fast, state press reported Tuesday.

"The People's Bank of China is in discussions to launch a new set of reserve requirements for mainland banks to support a healthy macro-economic development," central bank governor Zhou Xiaochuan was quoted as saying by Xinhua news agency.

Zhou said that by "diversifying" the reserve requirement, banks with better quality assets and less operational risk could then expand more quickly, while forcing the nation's more troubled lenders to trim loans.

"It is most likely that the central bank will hike the reserve requirement for state-owned commercial lenders while maintaining the ratio for joint-stock banks," said Han Zhenguo, a Haitong Securities analyst.

Australia to study value of trade deal with US

AFP, Sydney

Australia's government commissioned an independent study on the benefits of a controversial free trade agreement with the United States Tuesday, in view of conflicting claims about its value to the local economy.

Critics have accused Prime Minister John Howard of using rubbery figures to claim the deal would boost the Australian economy by four billion dollars (three billion US) a year and government ministers have recently backed away from the estimate.

The foreign affairs department said it had asked the Centre for International Economics (CIE) think-tank to assess the 1,000-page document and give a final report by April 8.



Japanese Ambassador Matsushiro Horiguchi, Uttara Group Chairman Matiur Rahman and International Chamber of Commerce, Bangladesh President Mahbubur Rahman, among others, pose for a photograph in front of a newly launched car by the Uttara Motors Limited, a venture of Uttara Group, in Gulshan, Dhaka yesterday.

Seoul, Asean paving way for trade pacts

ANN/THE KOREA HERALD

Korea and the Association of Southeast Asian Nations held the first round of exploratory talks in Jakarta, Indonesia yesterday to study the feasibility of signing a free trade agreement between both sides, the government said.

The two sides discussed how to increase their annual \$37.3 billion bilateral trade, which accounted for 10.4 percent of Korea overall trade last year. Talks are expected to conclude tomorrow.

Korea and Asean also plan to exchange views on trade during several further occasions before a summit among both sides at the end of this year, which may be the prelude to the beginning of formal talks by early 2005, the Korea Institute for International Economic Policy said yesterday.

Kim Han-soo, chief deliberator for the nation free trade agreements, led the team of 15 individuals from Korea, while David Chin, Singapore director general of commerce and industry headed

the Asean delegation.

The talks with Asean are part of a government strategy to pursue more FTAs after the National Assembly ratified the one with Chile earlier this year, the first for Korea. The agreement will go into effect on April 1 after suffering a long and bumpy road for approval in Korea including three failed attempts in parliament.

At the moment, Korea is discussing trade pacts with Japan, Singapore and Mexico.

The government has already carried out the first round of negotiations with Singapore on Feb 27-29. It will meet with representatives from the city state next month for a second round of talks.

An FTA with Singapore will likely be significantly less controversial than the pact with Chile, which was met with fierce protest from the local farming community due to fears about a flood of agricultural imports.

Singapore strong financial sector, stemming from the over 100 financial companies headquar-

tered there, adds to the allure of an FTA, said Korean government officials.

Encouraged by favorable domestic sentiment, the Foreign Ministry hopes to wrap up negotiations by the year end and to initiate the agreement during the first half of 2005.

Korea also carried out first and second round of talks with Japan, touching on areas such as tariffs, liberalisation of service trade, increased investment and intellectual property laws.

But the two sides must first resolve their differences on Japan exports of components to Korea and the potential weakening position of domestic high-technology companies due to the entry of Japanese competitors.

The third round of talks with Japan is scheduled to take place in Seoul next month.

Uttara Motors launches 3 new Suzuki vehicles

STAR BUSINESS REPORT

Uttara Motors Limited, a venture of Uttara Group and sole distributor of Japan's Suzuki Motor Corporation, launched two new Suzuki brand cars and a jeep in local market yesterday.

The newly launched Suzuki Liana 1.3 has been priced at Tk 12.65 lakh, Liana Sport Car 1.8 at Tk 16.95 lakh and Grand Vitara XL-7 jeep at Tk 26.95 lakh.

Japanese Ambassador Matsushiro Horiguchi and Uttara Group Chairman Matiur Rahman were present at the launching ceremony held at a showroom of Uttara Motors in Gulshan, Dhaka.

Thai anti-privatisation protesters march on Govt House

AFP, Bangkok

Thousands of Thai anti-privatisation demonstrators marched on Government House Tuesday, demanding the government abandon its plans to sell off state enterprises which they fear will trigger mass layoffs.

They demanded a meeting with Prime Minister Thaksin Shinawatra but a delegation was instead led into the building to speak with Energy Minister Prommin Lertsuridej and Health Minister Sudarat Keyuraphan, sources said.

Sirichai Mai-Ngarm, the chairman of Electricity Generating Authority of Thailand (Egat) union which has led mounting demonstrations over the past two weeks, said the government must cancel plans to sell off state-owned firms.

"We want to talk with prime minister Thaksin," said Sirichai before going into the meeting with the ministers.

"The government must stop its privatisation plans... and it must conduct a public opinion survey on privatisation."

Prommin, who on Saturday announced that Egat's listing scheduled for May had been indefinitely postponed, ruled out abandoning the privatisation agenda

US launches probe into Toyota vehicles

REUTERS, Tokyo

Japan's biggest auto maker, Toyota Motor Corp., said on Tuesday that the US government has launched an investigation into three of its vehicle models, including the Camry -- its best-selling model in the United States -- over an alleged defect that causes sudden acceleration.

On Monday, the US highway safety authority announced that it had received reports of 30 crashes that injured at least five people, when some Toyota Camry, Camry Solara and Lexus ES300 vehicles suddenly and unexpectedly surged forward.

"One of the noted injuries was serious: it occurred when a pedestrian was struck by a vehicle which allegedly surged forward unexpectedly," the National Highway Traffic Safety Administration (NHTSA) said in a statement released on the Internet.

Mitsubishi Motors sells all its stake in Malaysia's Proton

AFP, Tokyo

Struggling Japanese automaker Mitsubishi said Tuesday it had sold its 7.93 percent stake in Perusahaan Otomobil Nasional Bhd. (Proton), Malaysia's biggest carmaker.

Mitsubishi Motors Corp. earned a capital gain of about eight billion yen (72.1 million dollars) from the sale of 43.56 million shares worth about 11 billion yen, said Mitsubishi spokesman Mitch Hayes.

"We will use the proceeds from the sales to rebuild and to strengthen our financial health," Hayes said.

Mitsubishi, which is 36.97 percent owned by German-US auto giant DaimlerChrysler, forecasts its group net loss will balloon to 72 billion yen in the year ending this month due to slumping sales in North America.

The company said it will maintain business ties with Proton through transferring technology and supplying parts and components as a supplier and partner.