

**BB floats new
refinance scheme
Sunday to help
small businesses**

STAR BUSINESS REPORT

Bangladesh Bank introduces a special refinance programme on Sunday for banks and financial institutions to promote small enterprises, which do not have access to bank loans and are also out of any kind of microcredit operations.

The central bank has taken the Tk 100 crore initiative targeting the deprived group called "missing-middle". Small businesses having fixed assets worth not more than Tk one crore will be eligible for receiving loans under the scheme.

Bangladesh Bank will provide 100 percent refinance facility at 5 percent bank rate to the banks and financial institutions (FIs) for financing the businesses with amounts ranging from Tk 2 lakh to Tk 50 lakh. The lenders will charge interests at their existing rates.

Banks and FIs whose classified loans are not more than 10 percent of their small (up to Tk 50 lakh) loan portfolio, will enjoy the refinancing facility.

**GSP Finance
declares 33pc
dividend**

STAR BUSINESS REPORT

GSP Finance Company (Bangladesh) Limited, a non-banking financial institution, has declared 33 percent dividend for the shareholders for the year 2003.

Feroz U Haider, managing director and CEO of the company, made the declaration at the 9th annual general meeting of GSP Finance in Dhaka on Wednesday.

Commerce Minister Altaf Hossain Choudhury, State Minister for Finance Shah Abul Hossain, Chairman of the company Sutham Chansrichawla and directors Wolf-Peter Berthold and Siraj U Haider were present in the function.

The company earned an operating profit of Tk 78.69 million in 2003 and the shareholders' fund stood at Tk 333.16 million at the end of the year, the CEO told the meeting. He said the company paid Tk 74 million in taxes in 2002 and 2003.

**New office
bearers of fruit
exporters'
assoc**

Md Farid Uddin Ahmed and SM Jahangir Hussain have been elected president and general secretary of Bangladesh Fruits, Vegetables & Allied Products Exporters' Association, says a press release.

The other office bearers of the association are Mohammed Monsur-- vice-president; Syed Salauddin Mamun-- vice-president; Mujibul Haque Raju -- joint secretary; Md Abdul Barek -- organising secretary; Masudur Rahman -- treasurer; Amir Ali Jamal, Mobasherul Rahman Jewel, Z Abedin Kajal and Monjur Hasan -- executive committee members.

**New chairman
of SIBL**



Kamaluddin Ahmed was elected new chairman of Social Investment Bank Limited (SIBL) at the bank's board meeting held in Dhaka on Monday.

The board of directors also elected Abdul Awal Patwary and Munshi Akhteruzzaman as vice-chairmen of the bank, says a press release.

Kamaluddin Ahmed is the 1st vice-president of the Federation of Bangladesh Chambers of Commerce and Industry and former president of Chittagong Chamber of Commerce and Industry. He also served as a director of Chittagong Stock Exchange.

Abdul Awal Patwary is the chairman of Patwary Group of Companies while Munshi Akhteruzzaman is the president of Comilla Samity, Dhaka.

Small poultry farms going bankrupt

A third of the farms out of production

TAWFIQUE ALI

More than a third of the country's small poultry farms have gone out of production since January in the wake of bird flu rumour, farm owners said.

Most of the farms now face a serious financial crisis and are unable to repay bank loans. The banks are now filing cases against the defaulters.

Bangladesh poultry farms were free from the disease that affected mostly southeast Asian countries, but a rumour caused a slump in chicken and egg demands in the country.

Although the situation became normal within a few weeks, the farms failed to recover the losses they incurred during the crisis, farm owners said.

According to Bangladesh Poultry Farm Rokhnya Jatiya Sangram Parishad, a platform to protect

poultry farms from the fallout of bird flu crisis, about 35,000 out of 80,000 to 85,000 small farms were closed down in last three months.

"About two-third of layer chicken farms in Gazipur area are now out of production due to lack of capital," said Hazi Abdul Barek, president of the platform. "Ninety-five percent of such farms have to depend on bank loans for capital."

To recover the default loans, the banks are going to hold spot auctions of the defaulting farms under Money Loan CourtAct, Barek said.

"At least 180 farms in Gazipur have become bank defaulters losing their capitals during the market disaster," said Khondakar Mohsin, secretary general of the platform.

Describing the situation of his own area, Sreepur in Gazipur district, Mohsin said about 1,200 out of 1,819 farms in the area are now closed.

"The recent price hike of eggs is

just an aftermath of a stagnation in table-egg production in farms during the bird flu panic," he explained.

The production cost of each egg is Tk 2.80, but the poultry owners had to sell it even at Tk 1 during the sudden fall in demand. And the farmers had to sell broiler chicken at Tk 25 a kg against the production cost Tk 50-52.

Egg production fell remarkably following the rumour, Mohsin said.

In the face of dull market, the farms reduced procurement of layer parent stocks, resulting in the egg production fall, said General Manager of Aftab Poultry Syed Monwarul Islam.

Director General of Bangladesh Livestock Research Institute QM Emdadul Huque admitted that the bird flu rumour inflicted a huge loss on the country's poultry sector.



A partial view of a poultry farm at Savar in Dhaka. According to farm owners, more than one-third of the country's small poultry farms have gone out of production since January this year when bird flu ran high.

World economic growth seen fastest in 16 years

REUTERS, London

World economic growth is likely to accelerate this year to 4.7 percent, topping the peak of the technology-led boom of 2000 to its fastest rate in 16 years, according to UK-based think-tank Economist Intelligence Unit.

The EIU, which calculates its forecast assuming equal purchasing power for world currencies, revised up its forecast from 4.6 percent in March and said its latest call would now see the globe outstrip the 4.6 percent rate it estimated for 2000.

Rising world trade would be a key driver, it said, and raised its 2004 forecast for trade growth to 7.9 percent from 7.5 percent last month. Trade expanded 5.1 percent last year.

"The global economy looks set to expand even more rapidly than it did

in 2000, the peak of the last business cycle," the EIU said. "Although most regions of the world are experiencing faster growth, the US, China, India and Thailand -- among others -- are expanding exceptionally quickly."

The EIU's 4.7 percent growth forecast for this year is a significant jump from the 3.8 percent growth rate seen in 2003. It expects the world to cool slightly in 2005 to 4.1 percent.

The forecast is a tenth of a percentage point higher than that of the International Monetary Fund, which expected a 4.6 percent world expansion this year in its World Economic Outlook last week.

One region that will continue to underperform is the euro zone, the EIU said. It said it cut its 2004 growth forecast for the single currency bloc to 1.6 percent from 1.8 percent in March, even though this was still an

acceleration from 2003's meagre 0.4 percent expansion.

As a result of its forecast revisions and amid speculation about a rise in US interest rates this year, the EIU revised its dollar forecast higher too. It said it now expects an average 2004 dollar rate of \$1.27 per euro, compared to \$1.30 previously, and it expects an average rate of \$1.36 next year.

The EIU said risks to its 2004 forecasts, which had included a sharp dollar slide and a retrenchment in private sector demand, had receded somewhat. But it said these were now a bigger risk in 2005 as tighter monetary and fiscal policy could hit both the consumer and US financial markets hard.

Despite the rising market jitters, the economists said they expect official US interest rates to remain on hold until early 2005.

Main S Korea party plans laws to boost market

REUTERS, Seoul

South Korea's new majority party plans economy-boosting laws to introduce class action suits, soften limits on fund investment in stocks and ease rules on liquidating firms, the party leader said yesterday.

Chung Dong-Young, who heads the Uri Party that won a majority in a parliamentary election on April 15, also said there would be a law to enhance accounting transparency at the family-run "chaebol" conglomerates that dominate Asia's fourth-largest economy.

"We will concentrate on the market economy, on trying to make it stronger and also creating a good quality of life for our people," Chung said in his first interview since the poll.

Some foreign investors have expressed concern the party might

shift the country to the left and be less market-friendly than the main opposition Grand National Party.

But Chung denied this, saying his party was impatient with the lack of progress in the past year on privatising firms in state hands since the 1997-98 Asian financial crisis.

"There is an understanding within our party which recognises that reforms in the public sector have not gone as far as wanted or as planned," he said. "This includes the privatisation of public corporations."

He said planned privatisations would go ahead as scheduled.

Parliament convenes in early June. The planned legislation requires a simple majority, meaning there would be little or no impediment to passing the bills. The Uri Party secured 152 of the National Assembly's 299 seats in the election.

"The Uri Party, which has gained

the majority in parliament, will exert all its efforts to bring stability. So there is nothing for foreign investors to be concerned about," he said.

Legislation would include bills to allow class action suits -- a way to strengthen the rights of smaller shareholders. Limits on state-run pension funds investing in the stock market would also be eased, he said.

Accounting practices at chaebol would also be made more transparent, in line with foreign investor concerns about sharp book-keeping practices.

Asked about foreign investor concerns about the left-wing Democratic Labour Party, which won 10 seats at the election, Chung said its presence would help stabilise labour relations.

Danish trade team due on May 11

BSS, Dhaka

A business delegation from Denmark will arrive here on May 11 on a two-day visit to Bangladesh to explore trade and investment opportunities here.

Some 20 representatives from different Danish firms and their affiliated organisations in South Asia will be included in the team headed by Ambassador Michael Sternberg of the Royal Danish Embassy in New Delhi.

The team will consist of representatives from various sectors like agricultural storage and processing equipment, dairy products and plants, food ingredients, infrastructure projects, water and sanitation, power, energy saving equipment, human and animal health, pumps, shipping, security services and cement plants.

During the visit, a seminar on trade and investment will be held in Dhaka on May 11. Danish Ambassador to Bangladesh Niels Severin Munk will chair the seminar.

GP offers SMS-based services for Vanik card holders

GrameenPhone Ltd (GP) and Vanik Bangladesh Limited have signed an agreement to offer financial services through SMS (short message services) for their clients.

Kafil HS Muyeed, general manager, Sales & Marketing Division of GP, and Ahmed Zafur Hasan, vice-president and head of Credit Card, Vanik, signed the agreement, says a press release.

Under the deal, clients of Vanik will receive current outstanding, available credit limit and minimum due amount of their credit cards through SMS of GP. Only the joint subscribers of GP and Vanik will enjoy this facility.

Among others, Sayeed Hussain Jamal, managing director of Vanik Bangladesh, Khurshid Alam, AVP, AKM Anwarul Kabir, SVP and company secretary, and Rubaba Dowla Matin, head of Market Research and Development of GP, and Shibly Zaman, deputy manager, MRD, were present.

"It has already been approved by the cabinet. I am signing the Tifa in Washington on May 10," Rafidah was quoted as saying by the New Straits Times.

The Tifa is a precursor for a possible free trade agreement (FTA) between the two countries.

It will provide a forum and an opportunity for dialogue and consultations on trade and investment between Malaysia and US, thus enhancing commercial relations, Rafidah said.

"It will also increase private sector confidence in Malaysia as an attractive investment destination and trading partner," she added.

The Tifa will also provide an avenue for both parties to examine

Withdraw import duty on spare parts

Carton, accessories manufacturers ask govt in budget proposal

STAR BUSINESS REPORT

Corrugated carton and accessories manufacturers have demanded withdrawal of import duty on spare parts and cancel the bank guarantee provision for raw materials import.

The 100 percent export oriented units of this sector should be allowed to import spare parts at zero duty, Bangladesh Corrugated Carton & Accessories Manufacturers & Exporters Association (BCCAMEA) said in its budget proposal.

The BCCAMEA members manufacture paper cartons and various types of garment accessories such

as hanger, button and clip, which are used for exportable items of readymade garment industry.

Submitting a 12-point proposal for the next financial year's budget, the association said the hanger manufacturing units should be exempted from the provision of showing 25 percent bank guarantee for imported raw materials.

"This provision increases the cost of production," said BCCAMEA President Shaifullo Chowdhury who led a delegation to meet the National Board of Revenue chairman in Dhaka recently to place the proposals.

The association also urged the government to provide running

capital and cash assistance from the central bank's Equity and Entrepreneurship Fund to the export-oriented carton and accessories industries.

The carton and accessories manufacturers have to pay 7.5 percent to 12.5 percent duty spare parts import, said Nurul Amin, secretary of BCCAMEA.

"We also requested the government to exempt us from paying VAT (value added tax) on utility services and insurance premium," he said.

Amin said they have proposed a three-year validity for bond licence and introducing two-year bonding tenure for raw materials imported under bonds.

Office of Registrar Joint Stock Cos to be computerised

SouthAsia Enterprise Development Facility (SEDF) and Australia have undertaken a project to computerise the office of the Registrar Joint Stock Companies (RJSC).

The objective of the project is to create an electronic database for the RJSC by digitally archiving all manually kept files and digital entry of existing and newly registered companies, says a press release.

An agreement to this effect was signed between SEDF, the multi-donor funded facility managed by IFC (International Finance Corporation) and World Bank, and Australian high commission in Dhaka recently. Australian government will finance hardware while SEDF intends to finance software and training for the RJSC staff.

Moreover, the computerisation will also facilitate online registration, submission of documents and issuing of certificate of incorporation. Besides, the project will develop an electronic network between RJSC's offices in Dhaka, Chittagong, Rajshahi, Khulna, Barisal and Sylhet.

Malaysia to sign Tifa with US May 10

AFP, Kuala Lumpur

Malaysia will sign a bilateral Trade and Investment Framework Agreement (Tifa) with the United States on May 10, International Trade and Industry Minister Rafidah Aziz said in remarks published Thursday.

"It has already been approved by the cabinet. I am signing the Tifa in Washington on May 10," Rafidah was quoted as saying by the New Straits Times.

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Malaysia is also negotiating a closer economic partnership (CEP) accord with Japan, which will include an FTA expected to be realised within 10 years, Rafidah said earlier this month.

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