

Banks write off Tk 54.3b bad loans last year

STAR BUSINESS REPORT

Commercial banks have written off Tk 54.30 billion bad loans up to December 2003 following the central bank's guidelines, bringing down the share of default loan to 22.16 percent of the total loan, which was 28.1 percent a year ago.

Besides the writing off, vigorous move to recover default loans following the enactment of Money Loan Court Act, 2003 contributed significantly to the decrease in bad loans, according to a publication of the Finance Division on the activities of banks and financial institutions in 2003-04 fiscal year.

Under the new legislation, banks were given the authority to sell the property kept as collateral against loan, without prior

approval of the court, it said.

The central bank this fiscal year adopted a policy to write off the bad loans which exceeded five years after being classified and asked the banks to follow the guidelines in order to lower the share of default loan in the total loans.

A major chunk of loans was written off by the nationalised commercial banks following the internationally practised tool of clearing the balance-sheet. "However, writing off does not refer to waiving loans," a senior official of a commercial bank said.

Meanwhile, in FY 2003-04 nationalised banks planned to disburse Tk 43.79 billion in the agricultural sector out of which Tk 20.53 billion was disbursed in the

first eight months. The amount disbursed in the previous year (FY 2002-03) was Tk 35.61 billion.

The report mentioned that interest rate on farm loan has been lowered to eight percent from 9 to 10 percent previously and the government also waived interest on principle amount of agricultural loans not more than Tk 5,000.

Till February 2004, these financial institutions commercially invested Tk 38.25 billion in different sectors, it said.

Meanwhile, deposits of the commercial banks shot up by Tk 59.91 billion in the first eight months to stand at Tk 1125.88 billion while total loan disbursement reached Tk 901.83 billion showing an increase of Tk 69.19 billion over the same period of last fiscal.

The share of classified industrial loans in the total amount was 27.28 percent in December 2003, which was 32.76 percent in December 2002.

The report also mentioned that Bangladesh Bank granted licence to 28 non-bank financial institutions until March this year and the cumulative amount of paid up capital and reserves of these institutions was Tk 9.86 billion at the end of last fiscal.

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CityCell signs deal with Inforev

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CityCell has signed an agreement with Inforev Limited under which Inforev will become the content provider of the cellular phone company's SMS Push-Pull based news and information services.

Md Farhad Alam, vice-president of CityCell, and Mujtaba Sattar Anonto, managing director and CEO of Inforev Ltd, signed the deal on behalf of their organisations in Dhaka recently, says a press release.

CityCell will introduce many new value-added services with the help of Inforev. SMS Push-Pull based news and information service, sports update, missed call alerts, stock exchange news, foreign exchange rates and e-mail alerts on cellphone are some of the services.

Standard Bank declares 15pc stock dividend

Standard Bank Limited has declared a 15 percent stock dividend for its shareholders for the year 2003.

The declaration was made at the bank's 5th annual general meeting held in Dhaka recently.

Kazi Akramuddin Ahmed, chairman of the bank, presided over the meeting, says a press release.

Saudi Arabia bid for WTO accession hits new snags

AFP, Geneva

Saudi Arabia's attempt to join the World Trade Organisation has hit new snags and negotiations on the kingdom's accession will now continue after the summer break, a WTO official said Thursday.

Fresh meetings between the Saudis and some of its future trading partners in Geneva this week "did not produce the expected breakthrough", a WTO official said.

The bilateral negotiation with the United States is not completed and the negotiation with the EU, which looked settled a few weeks ago, now looks like having some last minute hurdles", the official added on condition of anonymity.

After their previous meeting in April, Pakistan's ambassador Munir Akram, who is leading the talks, said they were in their "final stages" ahead of this week's "very substantial" meetings in Geneva.

A spokesman for Democratic presidential candidate John Kerry said the Bush administration had a poor record of enforcing US trade laws.

"We've been hearing the same song and dance from the Bush administration for three years, but the fact is that this White House has yet to meet a trade law it is willing to enforce," Kerry spokesman Phil Singer said.

Oil market balanced on knife's edge

AFP, Paris

The recent sabotage of Iraq's oil pipelines has raised fresh concerns about production capacity and room for maneuver in case of a crisis amid firm global oil demand.

A wave of attacks in Iraq this week paralysed the country's exports from its southern sea terminals.

The southern oil fields had produced 1.6-1.8 million barrels per day before the spate of sabotage around Basra, 500 kilometres (300 miles) south of Baghdad.

Repairs to the pipelines are expected to take five days.

But meanwhile the oil market has suddenly found itself deprived of a substantial amount of crude.

And with global oil demand on the rise due to strong economic growth in industrialised countries and China every little bit of oil counts.

The International Energy Agency currently calculates global daily oil demand reached about 79.7 million barrels per day in the second quarter.

The Paris-based organisation expects demand to rise to 80.6 million bpd in the third quarter and 82.6 million bpd by the end of the year.

But as demand mounts, the crude producing members of the Organisation of Petroleum Exporting Countries have less and less extra supply to make up for any loss of Iraqi output.

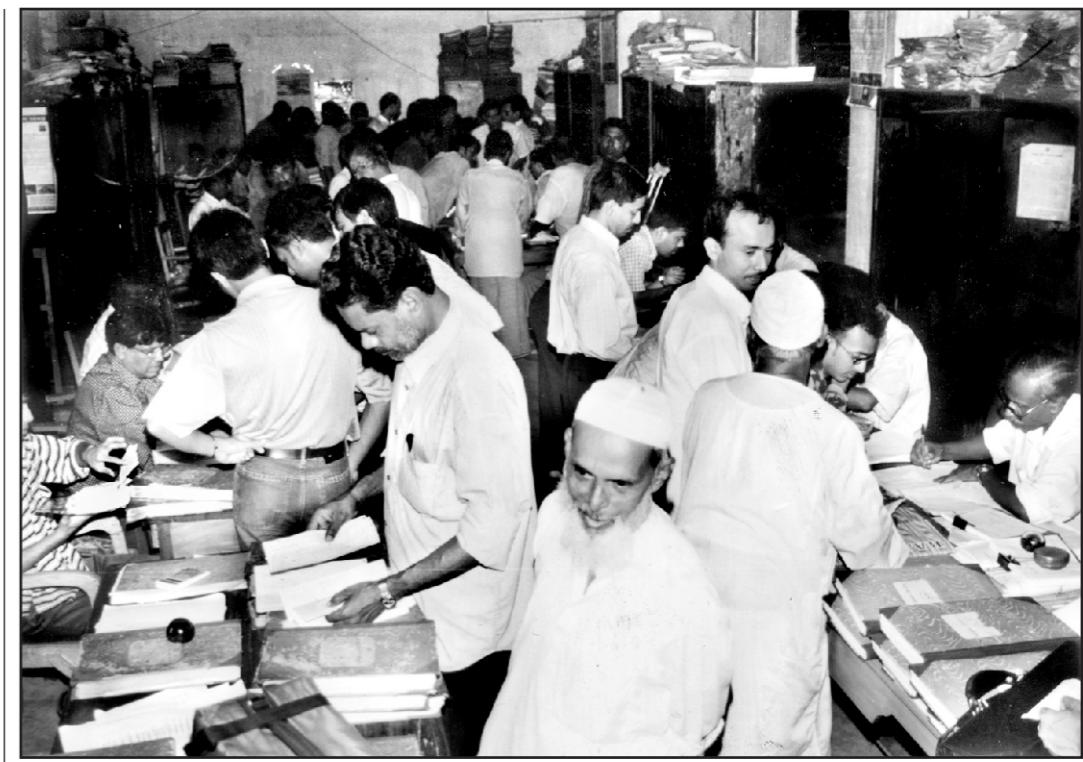


PHOTO: STAR
Subscribers crowd Bangladesh Telegraph and Telephone Board's (BTTB) revenue office at GPO in Dhaka to collect duplicate bills for paying their arrears as the BTTB is disconnecting lines for non-payment of bills.

Siemens launches customer care campaign

Siemens Bangladesh Ltd has launched a two-week customer care campaign for its mobile set users from Thursday.

Peter E Albrich, managing director and CEO of the company, inaugurated the campaign at Siemens House in Gulshan, says a press release.

Aminur Rashid, head of Consumer Products, and Aftab Mahmud Khurshid, manager, Corporate Communications and Business Development, were also present.

During the campaign, the company offers free download of logo, ring tones and software upgrade.

Besides, up to 25 percent discount is offered on all spare parts, battery, charger, belt clip, head set and shells.

Customers will also get instant gifts for every purchase.

ROK prepares \$5b economic stimulus

AFP, Seoul

South Korea's finance and economy minister said Friday that the government will seek nearly five billion dollars in supplementary spending to help stimulate the flagging economy.

At the same time, the Bank of Korea said domestic demand showed few signs of recovery in the second quarter to June while exports were expected to lose momentum from September.

"We have agreed with the Ministry of Planning and Budget and the ruling Uri Party to seek 4.5 trillion won (4.9 billion dollars) in an additional budget," Finance and Economy Minister Lee Hun-Jai at a press conference.

Of the 4.5 trillion won, 1.7 trillion won will be spent on helping the poor and underprivileged, 1.3 trillion won will support small- and mid-sized firms and 1.4 trillion won will encourage energy conservation.

Lee admitted that domestic consumption and investment were "in the doldrums" and that unemployment remains high despite strong exports.

VAT on amusement park business to hurt customers

UNB, Dhaka

The imposition of 4.5 percent VAT would put a brake on growing amusement-park business and the cost would ultimately have to be borne by the customers, says an executive of a park.

"The newly proposed VAT on all amusement parks and other similar businesses will certainly affect the future of this sector and also the general people," said Asif Hossain, marketing director of Nandan Group.

He termed it a "non-industry-friendly fiscal policy" and said such unfriendly policies would hold back the existing operators from going for further expansion or investment and discourage or

deter new investment.

And that will ultimately have a negative impact on the growth of this sector.

"Our expectations from the government include a better stable political and economic condition, more improved law and order situation, further development of infrastructures, and most importantly industry-friendly fiscal policies," Asif told the news agency.

The budget for 2004-05 fiscal has proposed 4.5 percent value-added tax on amusement-park business, which has started taking off with the import of latest innovations.

Nandan has been only about 8 months into the business and the

venture is, as Asif said, "moderately successful in terms of the response we have received from the visitors. And the trend looks positive for the future."

The Group has invested a total of Tk 30 crore. Since November 2003, some 4 lakh visitors have enjoyed the fantasies inside the Nandan-dom.

Head of Operation of Nandan Shah Hussain Dilder Sagar said smooth operation of the park very much depends on stable supply of electricity. But a constant and daily load-shedding problem extremely hinders the operation.

Nandan's main competitors in the amusement park sector are Fantasy Kingdom, Wonderland, Shishu Park and Shishu Mela.

port the anti-dumping movement.

In preparation for possible duties, some US furniture sellers have been stocking up on Chinese-made inventory, while others have rolled out American-made bedroom lines they are betting will be more competitive if high duties are imposed.

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The case has polarised the US furniture industry, with several retailers cutting ties with former manufacturing partners that sup-

US vows tough enforcement of trade laws on China

REUTERS, Washington

US commerce secretary Don Evans vowed "tough" enforcement of US trade laws yesterday, one day before his department is due to make a preliminary decision whether to impose potentially massive import duties on wooden bedroom furniture from China.

"We are going to continue to look American workers in the eye... and tell them we are going to be tough when it comes to enforcing our trade laws and maintaining a level playing field with the rest of the world. And China is certainly right there at the top of the list," Evans said in an interview on CNBC.

Twenty-seven US companies

and four unions in Virginia, North Carolina and 12 other states have asked for duties from 158 percent to 441 percent to offset what they say is "dumping" by Chinese competitors. The case, which involves imports of more than \$1 billion worth of furniture, is the biggest US anti-dumping action yet brought against China.

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New IMF chief set for significant visit to Asia

AFP, Washington

IMF chief Rodrigo Rato heads for Asia next week in his first official trip since taking the helm of the fund, underscoring the region's key role in maintaining economic and financial stability.

His trip is also significant because his itinerary includes Japan, where a tentative economic recovery is taking shape after a decade of stagnation, and China, which is trying to reign in an overheating economy and stave off pressure to free its currency.

"Probably many people will still agree that the IMF needs to understand more on how Asian economies operate," said Lincoln, an expert on the Japanese economy and US economic relations with Japan and Asia.

Rato has expressed his desire for Asia to enhance structural reforms and keep markets open.

In Japan, he is expected to advise the government not to change monetary policy, Lincoln said.

Japan, the world's second largest economy, has kept interest rates very low and expanded money supply to haul the economy out of deflation and induce growth, which the IMF forecast would hit 3.4 percent this year.

"The crisis seems to be levelling off but there's not much evidence of a return to positive price increases," Lincoln said.

"It is rather encouraging that his

first official trip is to Asia, which is very important, because in the past, my perception was that the IMF was more interested in Europe and America than affairs in Asia," said Edward Lincoln, a Washington-based senior fellow at the influential Council on Foreign Relations.

There is still considerable frustration in East Asia over mistakes the IMF made in containing the region's worst financial crisis in 1997-98, he said.

The IMF has been urging China for sometime to adopt a flexible exchange rate regime to help reflect market conditions. The yuan currency has been pegged at 8.3 to the dollar for a decade.

Beijing has been accused by the United States, which suffered a trade deficit of 124 billion US dollars with China last year, of keeping its currency artificially low to give its exporters an unfair advantage.

A misaligned yuan could have adverse effects on China's 1.3 billion people as well as the global economy and financial markets, analysts warned.

"Every major international economic crisis of the past 15 years -- save Brazil's crisis in 2002 -- has been rooted in an exchange rate that remained too fixed for too long," said Kenneth Rogoff, professor of economics at Harvard University.

The IMF, with only some 150 million dollars in immediate resources, may not have enough money available to bail out China if it plunged into currency turmoil. Rogoff warned in a report in *Foreign Policy*, a US publication.

net outflow of 20.6 billion dollars, up 17.0 percent from the previous quarter.

-- One-way transfers resulted in

the US trade deficit exploded to a record level

APP, Washington

The broadest measure of the US trade deficit exploded to a record 144.9 billion dollars in the first quarter of 2004, the Commerce Department said Friday.

The current account deficit -- tracking trade, income from investments and foreign workers, and one-way transfers -- mushroomed from a gap of 127.0 billion dollars the previous quarter.

The dollar dropped immediately. The euro rose to 1.2076 dollars from 1.2045 a few minutes before the news.

A breakdown for the quarter showed:

-- The shortfall in trade of goods and services bulged 9.1 percent to 136.9 billion dollars.

-- The United States' surplus in trade in services shrank 21.6 percent to 12.7 billion dollars.

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