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NCBs' six-month profits plummet by 61pc

REJAUL KARIM BYRON

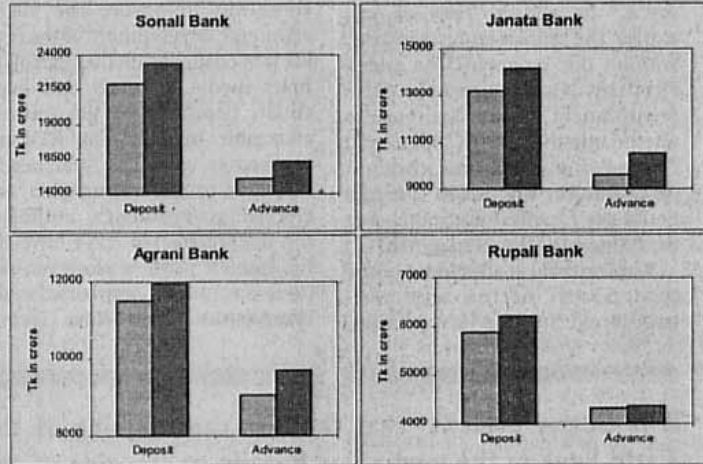
Pressured by government high-ups to give low rates on loans, the nationalised commercial banks (NCBs) saw their profits plummeted by a staggering 61 percent during January-June period this year, compared with last year's figure.

The plunge in NCB profits is also reflected in the sharing of total profits made by NCBs and private commercial banks (PCBs), as the nationalised banks account for only 5.5 percent of the profits with more than half of the total bank branches across the country.

NCB officials attributed the profit dive to the reduced interest rates offered for loans against their high costs of fund as well as lending restrictions. Another reason is the increase in NCBs' expenditure for staff salaries for payment of dearness allowance.

The four NCBs - Sonali, Janata, Agrani and Rupali Bank - made a total operational profit of Tk 58 crore during the first six months of this year, down from Tk 158 crore they earned during the corresponding period of last year.

While PCBs witnessed a whop-



ping 26 percent rise in profits to earn a total of Tk 996 crore during the same period, the NCBs struggled to make profit failing to cope with their increasing operational costs, bankers said.

Sonali Bank, the largest NCB, incurred loss while the other three earned profits. Sonali Bank recorded a Tk 35 crore loss during January-June period this year, compared with a profit of Tk 17 crore during last year's same period.

Janata Bank earned Tk 81.57 crore in the first half of this year, down from Tk 95 crore earned last year. Agrani Bank's profit declined to Tk 7 crore from Tk 25 crore last year while Rupali Bank's profit fell to Tk 6.21 crore from Tk 13.35 crore.

NCB deposits however rose by 6.11 percent or Tk 3,209 crore to stand at Tk 55,705 crore till end of June. On the other hand, their total credits marked a rise of 7.6 percent

or Tk 2,885 crore to reach Tk 40,951 crore.

During the six-month period, Sonali Bank performed well in the recovery of classified loans realising Tk 397 crore, compared with last year's Tk 225 crore.

Janata Bank recovered Tk 104.66 crore, three times of its last year's recovered amount, while Agrani Bank recovered Tk 528.44 crore and Rupali Bank Tk 91 crore.

While import business of Janata Bank grew by Tk 659.8 crore to reach Tk 3341.53 crore, its export business saw a Tk 538.9 crore increase to stand at Tk 2,582.35 crore till June.

Agrani Bank's import business rose by Tk 297 crore to Tk 1799.31 while export business reached Tk 1,975 crore showing a rise of Tk 250 crore.

Rupali Bank's import business grew by Tk 583 crore to Tk 1459.4 crore and export business rose by Tk 20 crore to Tk 381 crore.

The four NCBs constitute 54 percent of the total bank branches across the country. Out of the total 6,230 branches of all banks in operation, they have 3,390 while PCBs have 1,488 branches or 23 percent of the total.

BB relaxes CRR rules for banks

STAR BUSINESS REPORT

The central bank yesterday relaxed its cash-reserve ratio (CRR) regulations for commercial banks to provide them with greater flexibility in liquidity management.

According to a Bangladesh Bank (BB) circular sent to all commercial banks, they were asked to maintain an average of four percent cash against deposits on a monthly basis. The banks can now maintain a minimum of three percent ratio on a particular day.

Currently the central bank fines the commercial banks if they fail to maintain a four percent CRR on a daily basis, that forced the banks to maintain excess liquidity to comply with the BB regulation. In recent time, the commercial banks maintain an average of Tk 10,000 crore in excess liquidity.

BB has taken the step following request from bank officials, sources say.

US to continue support for investment UNB, Dhaka

The US will continue to extend all out support for economic development of Bangladesh through bilateral trade and investment.

The assurance came during a meeting between Special Trade Policy Adviser to the United States Trade Representative Betsy Stillman and the Executive Chairman of Bangladesh Export Processing Zones Authority (Bepza) Zakir Hossain here yesterday.

During the meeting, they discussed the framework of the workers right in EPZs.

The Bepza executive chairman told the US adviser about the functions of the Worker Welfare Representative Committee for intermediary period as provisional arrangement before introducing trade unionism in Bangladesh EPZs.

He said this committee will be considered as a Collective Bargaining Agent (CBA) and will play a pivotal role in resolving workers' problems until October 2006.

Millenium Sweater gets ISO 9001:2000

STAR BUSINESS REPORT

Millenium Sweater Limited, a concern of Dynasty Group, has achieved ISO 9001:2000 certificate for its quality management system.

Jahid Akbar Chowdhury, chairman of Dynasty Group, received the certificate from Ari Abrams, lead auditor of US-based Orion Registrar Incorporate, at a function in Dhaka on Monday.

Speaking at the function, Chowdhury said the annual turnover of Millenium Sweater is \$6.5 million and around 1000 workers produce 66,000 pieces of sweaters a month.

Among others, Ari Abrams and Jobair Hasan Chowdhury, directors of Dynasty Group, spoke at the function.

CRISL reaffirms A+ to Islami Bank

Credit Rating Information and Services Limited (CRISL) reaffirms A+ rating to Islami Bank Bangladesh Limited (IBBL) in the long term and ST-2 rating in the short term.

The rating has been done on the basis of the bank's strong fundamentals, good asset quality, moderate profitability, commendable growth rate, required capital adequacy, solid funding base and strong liquidity, says a press release.

This reaffirmation of rating came through half-yearly surveillance on the basis of information and statistics available up to December 31, 2003.

The half-yearly rating report was formally handed over to Abdur Raquib, executive President and Chief Executive Officer of IBBL, by Muzaffar Ahmed, president and chief executive officer of CRISL, in Dhaka yesterday.

Agora launches new promotional campaign

Agora, a chain superstore, is offering free items for every 50th customer under a seven-day promotional campaign that began on Monday to mark the 50th anniversary of its parent company Rahimafroz.

The 50th customer, who will purchase bakery today at Agora's Rifles Square or Gulshan outlets, will get it free, says a press release.

Customers can also get free dairy, meat and fish for purchasing the items tomorrow, Saturday and Sunday.

NBL managing director quits

STAR BUSINESS REPORT

Managing Director of National Bank Limited (NBL) MA Mazid Khan resigned recently on the advice of bank's board of directors.

Sources within NBL said Khan tendered his resignation earlier this week and the board accepted his resignation letter.

The NBL board had advised Khan to resign soon after the central bank issued a show-cause notice two months ago asking him to explain why he should not be removed for 'irregularities' in loan disbursements.

UPS senior VP visits Bangladesh

Senior Vice President of South Asia-Pacific of UPS, an express package delivery company, KM Liu visited Bangladesh recently to discuss strategic expansion and future of UPS Bangladesh operations.

He along with Halim Bin Selamat, director of Finance & Accounting-South Asia-Pacific, met CEO Atif Rahman and Managing Director Rezaul Rahman of Air Alliance Ltd, the service partner of UPS in Bangladesh.

Established in 1907 in the US, UPS (United Parcel Service) has expanded to over 200 countries and territories.

With 265 own aircraft, 319 chartered planes and 88,000 vehicles, UPS delivers 1.2 million packages internationally everyday to 7.9 million customers.

Top Kuwait Airways agents awarded

STAR BUSINESS REPORT

Kuwait Airways Bangladesh awarded its top agents for their business performance at a function in Dhaka on Tuesday.

Speaking at the function, Abu Yusuf, sales manager of Bengal Aviation Services Ltd, the general sales agent (GSA) of Kuwait Airways, urged the agents to help Kuwait Airways grow further.

Faleh Al Adwani, the outgoing senior manager, also appreciated the efforts of the local agents.

The airline also formally introduced Qais Al Shatti, the new manager of Kuwait Airways Bangladesh, at the function.

Kuwait Airways Bangladesh awarded certificates to its top 14 passenger agents and seven cargo agents for the year 2002-03 and 2003-2004.

Abdullah Masoud Abdullah, ambassador of Kuwait to Bangladesh, Ismail Abdel Rahman Ghoneim, ambassador of Egypt to Bangladesh, Abdullah Maohammad Said Al-Riyami, representative of sultanate of Oman to Bangladesh, and Hany Mostafa, first secretary embassy of Egypt in Dhaka, were also present at the function.

BGMEA forms cell to help flood-affected garment workers

STAR BUSINESS REPORT

Bangladesh Garment Manufacturers & Exporters Association (BGMEA) yesterday formed a cell to monitor the flood-affected garment factories and help their workers.

The cell, headed by BGMEA Director Shafiqul Islam, will survey garment factories in 10 zones of Dhaka and suggest necessary steps to overcome the flood situation.

BGMEA formed the cell at an emergency meeting, presided over by its President Annisul Huq, which discussed the flood situation and its impact on the industry.

The meeting decided that BGMEA would seek urgent measures from the government for

uninterrupted transportation of RMG products and raw materials.

BGMEA will submit a letter to the Prime Minister's Office seeking government's intervention in smooth running of the export-oriented industry during the flood.

The meeting was told that necessary steps are being taken to help flood affected garment workers of different zones with the help of local commissioners.

BGMEA 2nd Vice-president Alamgir Rahman, Vice-president (finance) Anwar-Ul-Alam and Directors Jinnat Ali Miah, Shafiqul Islam, Ferdous Parvez, Faisal Samad and Shafiqul Islam were also present at the meeting.

Chinese bio chemical plant to be set up in Mongla EPZ

A Chinese company is going to set up a bio chemical product manufacturing plant in Mongla Export Processing Zone (EPZ).

Menghua International (BD) Ltd, a cent percent foreign-owned company, will invest \$817,000 to establish the factory, which will be the first bio-chemical plant in EPZs.

An agreement to this effect was signed between Bangladesh Export Processing Zones Authority (Bepza) and Menghua International in Dhaka on Monday, says a press release.

Md Shahjahan, member (investment promotion) of Bepza, and Jin Hao Fu, director of Menghua International (BD) Ltd, signed the agreement on behalf of their organizations.

Bepza Executive Chairman Zakir Hossain was present at the signing ceremony.

India changes controversial share transaction tax

AFP, New Delhi

Indian Finance Minister Palaniappan Chidambaram on Wednesday eased the impact of a controversial transaction tax, boosting the share market.

The controversial 0.15 percent tax on trading transactions announced in last month's budget had been fiercely opposed by market players.

The finance minister announced changes to the tax across the board.

He exempted bonds from the tax and split responsibility for payment of the levy on shares between sellers

and buyers so that each would pay 0.075 percent on any trade.

For day traders and arbitrageurs, the impact of the tax was even further eased to 0.015 percent.

On derivative transactions where India's market is only just starting to take off, the tax was cut to 0.1 percent from 0.15 percent.

Indian share prices closed up 0.72 percent after he announced the changes with the Bombay Stock Exchange 30-share benchmark Sensex index rising 35.88 points to 4,993.76.

Chidambaram also told parlia-

ment the agricultural sector would remain the focus of the communist-backed Congress-led government.

He said the vast majority of India's billion-plus population depended on agriculture.

"How can anyone ignore this cold fact? It's agriculture that takes you to high growth rates and again it's the failures in this sector that flatten growth rates," Chidambaram told parliament.

"I want to assure this house that agriculture will remain the centre of focus this year, next year and the next."



Muzaffar Ahmed, president and chief executive officer of CRISL (Credit Rating Information and Services Limited), formally hands over the half-yearly rating report on the bank to Abdur Raquib, executive president and chief executive officer of Islami Bank Bangladesh Limited (IBBL), at a function yesterday in Dhaka. The CRISL has reaffirmed A+ rating to IBBL in the long term and ST-2 rating in the short term.

Bottlers face uneven playing field on banderole labelling

STAR BUSINESS REPORT

Soft drink bottling companies are exposed to an uneven competition in local market as one of them has obtained a four-month stay order from the High Court on an NBR order that made it mandatory to attach VAT (value-added tax) banderoles with bottles.

The National Board of Revenue (NBR) through a statutory regulatory order (SRO) on May 20 last ordered soft drinks and water bottling companies to use banderole, a system proved foolproof in collecting VAT from tobacco companies, from June 1.

But the beverage companies, which started labelling the bottle corks with banderoles from June as per instruction of NBR, are complaining of an uneven playing field resulted from a particular company's reluctance to comply with the order.

However, the tax watchdog and the company, Partex Beverage Ltd, the bottling company of Royal Crown (RC) brand drinks, gave opposite version on the issue.

Partex Beverage complained that they did not get necessary machine

specifications and information in time from NBR to implement the banderole system while the NBR refuted the claim saying the company like the rest was given all information in time.

Meantime, following a petition from Partex Beverage, a High Court division bench on July 7 stayed the operation of the NBR SRO for four months for the petitioner company and asked it to continue paying VAT as per previous system.

Hafizul Kabir, member (VAT) of NBR, told The Daily Star on Tuesday last that there is no logic on the part of the beverage company to complain about not getting specifications and information regarding banderole machine as the board had talks with every company several times in the last one year.

"The NBR has provided the beverage companies with all the necessary information regarding banderole machine three months before introduction of the system and it is enough time to procure the machine. The system was to take effect from May 2 but we defer it by one month to give more time for preparation of the companies," he said.

Aziz Al Kaiser, managing director of Partex Beverage, could not be contacted for his comments as he was abroad. However, Md Mayeenuddin, commercial manager of the company said the NBR did not provide necessary machine specifications like cut mark, length and brochure regarding banderole machine in time.

"But we have already ordered for machine and hope will be able to implement the banderole system soon," he said.

Abul Kashem Haider, chairman of Youth Group, bottler of Virgin drinks, said as banderole system is an effective tax collecting tool, a few quarters in businesses and tax administration are trying to obstruct the process.

"The government should ensure a level playing field in business," said Haider, also vice-president of the Federation of Bangladesh Chambers of Commerce and Industry.

NBR introduced banderole system for tobacco companies in 2002 and following the success it plans to expand the system to other sectors also.



A woman onboard buys vegetables at a flood-affected kitchen market in Dhaka's Mugdapa area yesterday. Traders said as most parts of the country experience flooding and monsoon rains, prices of vegetables are on the rise due to supply shortage.

Sri Lanka to let telecoms firms widen services

REUTERS, Colombo

Sri Lanka will allow telecoms operators to offer both fixed-line and mobile services under a new licence aimed at expanding services to rural areas and reducing waiting lists for lines, officials said Tuesday.

The "unified" licence will remove restrictions that limit operators to a single service type such as cellular, wireless local loop or wired connections.

"We are trying to make the industry more competitive by having more flexible regulations, in keeping

with the telecom requirements of today," said C. Malliyadde, telecommunications ministry secretary.

He said the move would also help reduce the waiting list of more than 335,000 applicants for fixed lines. State-run Sri Lanka Telecom Ltd is unable to satisfy demand due to infrastructure limitations in rural areas.

The proposed amendments would allow mobile and fixed-line private operators to offer wireless local loop technology, which uses small radio dishes on top of buildings, where infrastructure is lacking.

Operators will have to apply for the new unified licence to take advantage of the change in regulations.

There are three fixed-line operators and four mobile phone operators in Sri Lanka, handling over 950,000 fixed lines and 1.6 million mobile lines, according to the Central Bank.

Sri Lanka Telecom is the largest fixed-line operator, with an 88 percent market share in 2003. The state owns 49.5 percent, with Japan's Nippon Telegraph and Telephone Corp. holding 35 percent.

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