

Discipline managers refusing torn notes

BB directs commercial banks

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday directed 29 commercial banks to take disciplinary actions against their 42 branch managers who refused to exchange torn and soiled notes.

The disciplinary actions were also recommended citing failure of these branch managers to counter the menace of fake notes.

With the latest directives, the central bank has so far asked commercial banks to take disciplinary actions against a total of 500 branch managers for not complying with its rules since BB launched campaign concerning torn and counterfeit notes a year back.

BB had instructed banks to open a counter in every branch to exchange torn and soiled notes with directive to put a notice on display in front of every counter detailing what a customer should do to exchange such notes.

The BB also instructed every commercial bank to put a checklist on display through which a client

can distinguish between original and fake notes. The banks were also directed to install sorting machines in every branch to detect fake notes.

Sources said BB in last one month investigated some 134 branches of 39 banks where it found that 42 branch managers of 29 banks are not cooperative with customers on torn and soiled notes in line with the central bank directives.

The central bank directed commercial banks to warn, serve show-cause notice, withhold increment and promotion and even transfer the alleged managers for not complying with the BB directives.

Sources said BB is mulling over monetary penalty against banks whose managers will be found non-cooperative with its directives in this regard.

A source said a nationalised commercial bank sacked one of its managers for not complying with BB instructions regarding torn, soiled and fake notes.

Foreign investment team calls on Morshed

UNB, Dhaka

A 17-member delegation of investment fund managers and analysts from UK, USA and Canada met with Foreign Minister M Morshed Khan at his office yesterday.

Welcoming the delegation for taking interest on larger investment to Bangladesh, the minister said the country has enormous potential for foreign investment as well as marketing opportunities.

Led by Chairman of Nico Resources Limited Edward Sampson, the delegation enquired about various investment opportunities. Executive Chairman of the Board of Investment (BOI) Mahmudur Rahman was also present in the meeting.

The Resources Limited, Canadian independent oil and gas company, has been conducting the development of the Feni and Chhatak Gas Fields. The company organised the visit to fulfil its commitment of becoming a major investor in Bangladesh.

Melamine carves niche in international market

M ABDUR RAHIM

Bangladesh's melamine industry has carved a niche in the international market, having started its journey only 15 years ago, alongside feeding domestic tableware market.

The country went into melamine production in 1989 when Nasir Group's Bangladesh Melamine ventured into the business. The industry got major boost in the following year with Sharif Melamine coming in a big way.

Inspired by rising domestic and international demand, 13 other companies joined the melamine bandwagon, creating a Tk 120 crore domestic market.

Industry insiders say use of high-

tech machine and quality melamine resin and adoption of latest design have given Bangladeshi melamine tableware a competitive edge on regional and international markets.

Bangladesh's products are very popular in India especially in eastern states. However, 34 percent duty and other non-tariff barriers prevent local producers from grabbing major Indian melamine market, industry people said.

However, blessed with duty-free access, Bangladeshi melamine items have a big market in Bhutan. Sharif Melamine, which pioneered export in 1993, exported goods worth \$3.5 lakh last fiscal year.

Diamond Melamine, established only last year, exported goods valued at \$52,000 and Crown

Melamine goods worth \$50,000 last fiscal year.

Beside India and Bhutan, Norway, US, Canada and Australia are the major destinations of Bangladesh's melamine products.

Equipped with over 200 latest machines, local companies produce 12 lakh pieces of items in about 60 categories a month. Industry sources, however, say the sector with Tk 100 crore investment is seeing moderate growth due to slow export growth.

Industry people said Bangladesh is the second most quality producer of melamine items after Thailand in the world market. Bangladeshi producers use genuine melamine molding powder from Taiwan, ensuring perfect finishing.

The government has failed to

persuade Indian government to include melamine on the duty-free product list of 39 items for Indian market, industry sources said. Let alone zero-duty facility, if India only rationalises present duty structure Bangladesh's melamine goods will grab a huge market there, the source added.

"Melamine industry can be a major manufacturing sector if the export potential can fully be explored. Bangladeshi melamine products have earned reputation in the world market. The industry now needs government support to remove export roadblocks," Md Nazim Uddin, export manager of Diamond Melamine, said.

'New Tk 500 bill easy to differentiate from fake notes'

STAR BUSINESS REPORT

Bangladesh Bank's newly issued Tk 500 denomination note can easily be differentiated from fake notes, a high official of the central bank said yesterday.

In a press briefing, Abdullah Al Mamun, executive director of the central bank, said in the face of counterfeiting, they incorporated special distinctive characteristics to the bill, the prime target of forgers.

The new note, issued on Monday, is printed with optically variable ink (OVI) in the middle of its front side. This new security feature will help people easily identify the real note of Tk 500.

If held vertically, the colour of the inscription changes from magenta to green or the other way round. In the previous Tk 500 note, only the upper-left of the front-back side of the inscription was printed with OVI.

Signed by BB Governor Dr Fakhruddin Ahmed, the new note is now available at the Motijheel office of Bangladesh Bank.

The central bank also issued Tk 2 coin, the first of its kind in Bangladesh. The Tk 2 coin has a slogan 'education for all' inscribed in Bangla on the obverse side and has an imprint of the national emblem on the reverse side. The 7gm coin is made of AISI-430 stainless steel.

AirAsia IPO oversubscribed

AFP, Kuala Lumpur

Malaysian budget carrier AirAsia's initial public offering (IPO), the country's biggest share sale this year, has been oversubscribed by retail and institutional investors, a senior company official said Thursday.

"The initial unofficial count for the retail offer is 152 million shares," the AirAsia official told AFP on condition of anonymity, adding that the figures did not include those from five banks.

"We are very happy with the positive response especially at a time when other IPO issues had been undersubscribed," he said. The retail offer for 140.1 million shares closed Wednesday.

The official said the institutional tranche of the IPO had already been oversubscribed but declined to elaborate. "We are covered at a certain band and it is oversubscribed," he said.

The Star newspaper Saturday said most of the orders for the 560 million-share institutional tranche were made at 1.30 ringgit. The institutional offer closes Thursday.

Azrul Azwar, senior economist with MIDF Bhd said that he was not surprised by the positive response from investors.



PHOTO: EASTERN BANK

Eastern Bank Limited (EBL) Managing Director and CEO K Mahmood Sattar, and United Leasing Company Limited (ULC) Managing Director MM Alam sign an agreement on behalf of their organisations recently in Dhaka. Under the deal, EBL will purchase debenture worth Tk 10 crore issued by ULC.

Eastern Bank to buy debenture issued by United Leasing Co

Eastern Bank Limited (EBL) will purchase debenture worth Tk 10 crore issued by United Leasing Company Limited (ULC).

An agreement to this effect was signed between EBL and ULC recently in Dhaka, says a press release.

K Mahmood Sattar, managing director and chief executive officer of EBL, and MM Alam, managing director of ULC, signed the agreement on behalf of their organisations.

Afghan envoy calls on FBCCI president

BSS, Dhaka

Afghanistan Ambassador to Bangladesh Akmal Ghani called on Abdul Awal Mintoo, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at the latter's office yesterday.

After a democratic election, Afghanistan is now eager to establish direct business link to facilitate export and import with Bangladesh, said Afghanistan ambassador.

ANN/ THE NATION

The name Eliot Spitzer may sound somewhat distant and seem of little relevance to the local business and financial regulatory communities, but Spitzer could be linked to some very positive news for Thailand.

Like the legal action against the alleged abuse of market power by US companies such as Microsoft or the fraud at the now-defunct energy firm Enron and accountant Arthur Andersen, Spitzer's efforts to expose widespread wrongdoing within the insurance industry could benefit the Thai economy.

Spitzer, New York's maverick attorney general, has built a fear-some reputation going after alleged abuses within the American financial industry, which dominates global finance.

Previously, he launched a case against Merrill Lynch for recommending the purchase of shares in Internet companies in 2000.

He described these recommendations as little more than a "pretext to stuff gullible buyers with the shares of rotten businesses". Other investment banks have since been reprimanded as well.

In his latest foray, which has already shaken the worldwide insurance industry, Spitzer has accused, among others, insurance broker Marsh & McLennan and the American Insurance Group of abusing the market through bidding and colluding to capture

clients, preventing clients from getting deals.

The case has given rise to several debates, such as whether the US should establish a national-level insurance regulator or rely on state-level regulators, and the issue of consolidation in the industry, which appears to have resulted in the formation of an insurance cartel.

The European Commission is expected to take up the case, as it has done with other high-profile anti-competition cases, such as the one against Microsoft.

Authorities elsewhere around the world are far from vigilant when it comes to following US regulatory standards to prevent abuses in their respective home markets at the hands of global companies.

Among Asian countries, Japan is the most active in this area, while China is moving in this direction, though not in a systematic way.

Just like in many developing countries, Thailand's regulatory community is relatively silent when it comes to monopolistic and cartel abuses by global firms, unfair international price transfers and consumer rights.

Some will say local monopolists engage in similar or even worse abuses, but the fact is that all such practices, whether at the hands of local or global firms, must be dealt with because they affect both, competitiveness of the Thai business and consumer welfare.

Consumer complaints against

insurers in Thailand are treated on a petty, ad-hoc basis, rather than in such a way that would lead to a better and broader regulatory framework.

And one cannot rule out concerns that the sort of widespread corruption that was uncovered not long ago in a big international Thai insurance firm affects the entire industry.

These issues lend credence to the argument that regulation of the insurance industry should be taken out of the hands of the Commerce Ministry and given to the Bank of Thailand.

Questions are raised about the efforts of commercial banks to offer universal financial services. There is the argument that commercial banks should be allowed strengthen them by creating an array of income channels, rather than just relying on interest earned on loans. But the question is who is going to work to prevent possible abuses from banks?

For example, customers who have taken out loans could be compelled to purchase further services from banks' insurance units or their affiliates, just as car financing is packaged with compulsory insurance from designated firms and there is little a car buyer can do.

Although the Commerce Ministry's anti-monopoly and fair competition commission has looked into these issues, regulatory prog-

ress has been extremely slow.

The easiest thing to do would be to make sure that rulings in key world economies, such as the US and European Union, are applied to how multinationals conduct their businesses in Thailand and elsewhere. If a certain market tells Microsoft to end its monopolistic practices then it should do so in Thailand as well. Similarly, if Spitzer is able to prove his allegations, then US insurers operating in Thailand should amend their practices accordingly.

This would be only fair if Thailand and other developing countries accept US demands to respect copyright protection and so forth.

The consequences of such fairness standards are far-reaching. For example, if Microsoft comes up with a cheaper version of "Windows" for poor customers in India, should Thais expect to have access to such products?

Globalisation has benefited both multinationals and countries. In the area of financial services, the US is the undisputed superpower, due largely to the fact that the US dollar is the world's number one currency.

The rules and regulations that apply there should also be made to apply to American companies' operations abroad.

Oil prices extend slump on easing supply worries

AFP, London

World oil prices fell further from record peaks Thursday, showing losses of about six percent in two days, as speculators banked profits following a surge in crude oil stockpiles.

New York's main contract, light sweet crude for delivery in December, dropped 68 cents to 51.78 dollars a barrel in electronic deals.

In London the price of Brent North Sea crude oil for delivery in December lost 69 cents to 48.76 dollars a barrel in opening deals.

World crude oil prices began plummeting Wednesday following news of a weekly surge in US crude oil stockpiles that calmed market

fears of a supply crunch during the northern hemisphere winter.

"With crude stocks having built up last week, it means that US refiners are in a good position to cope with the winter demand on heating oil," Deutsche Bank analyst Adam Sieminski said.

Brent had initially reached a new all-time peak of 51.94 dollars after the US Energy Department said heating oil inventories, in high demand in the northern hemisphere winter, slipped 600,000 barrels to 48.9 million last week.

But world oil futures then tumbled as traders chose to focus instead on an increase in crude oil stocks of 4.0 million barrels to 283.4 million barrels in the week to October 22.

Indian watchdog moves to boost rural telephony

ANN/THE STATESMAN

The Telecom Regulatory Authority of India (Trai) Wednesday issued a consultation paper on 'growth of telecom services in rural India' to formulate a policy to boost up rural telephony and make it more affordable.

The present gap between rural and urban telephony penetration is very wide, 1.7 per cent for rural and 19.7 for urban. "The Authority has observed that a re-look at the entire issue of rural communications is needed to make speedy headway," Trai said. Roll-out obligations as part of licence conditions have also not helped in placing telecom infrastructure in rural areas, it stated.

There has been a phenomenal spurt in the growth of tele-density in

the country, with the evolution of new wireless technologies, but the gap between urban and rural teledensity has been increasing, it said.

The entry barrier and regulatory costs for small players should be removed so that they can offer telecom services in rural areas at affordable prices. This includes the concept of niche operators as discussed in draft recommendations of unified licensing, the consultation paper stated.

Coverage of wireless services in rural areas and small towns is the key for the future growth of telecom sector, Trai said. To achieve this, deployment of more cost effective technologies including broadband over wi-Max, cordect, and power lines should be encouraged.

IMF sees ROK economic recovery in early '05

AFP, Seoul

The International Monetary Fund (IMF) said Thursday the South Korean economy will recover by early next year due to strong fundamentals and government stimulus policies.

"We believe that by early next year, Korea should see the beginning of an economic recovery," the IMF said in a statement following consultations with South Korean officials.

The IMF delegation was led by

Joshua Felman, assistant director of the IMF's Asia-Pacific department, who visited Seoul October 13-27.

The IMF said South Korea was undergoing an adjustment period after a boom based on a sharp rise in credit, leading to an equally sharp increase in bad debt.

Householders are now cutting back on spending, leading to weak demand and investment as a result, it said.