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Star Business

DHAKA SATURDAY NOVEMBER 13, 2004 E-mail: dsbusin@gononet.com

Govt to discontinue interest rebate on farm loan

STAR BUSINESS REPORT

In the wake of drastic interest rate cut on agriculture loans by nationalised commercial banks (NCBs), the government has decided to discontinue two percent interest rebate for farmers who repay loans in due time.

Finance ministry sources said for food-grain production NCBs now charge only eight percent interest on loans which was between 11 percent and 14 percent until 2003. The NCBs went for the drastic rate cut in line with government's policy to promote agriculture sector.

The finance ministry on Wednesday issued a circular to announce discontinuation of the interest rebate. Ministry sources said if two percent interest rebate continues, the rate stands at six percent whereas cost of fund of NCBs remains 7.22 percent.

The ministry in the circular says interest receipts of Bangladesh Krishi Bank (BKB) may be reduced by Tk 124.45 crore a year due to drastic cut in interest rate.

BKB and Rajshahi Krishi Unnayan Bank (Rakub), the two specialised banks on agriculture loans, are seeing huge income loss due to rate cut. Other NCBs have

different loan portfolios but the BKB and Rakub only channel credit into farm sector. So, the two specialised banks are becoming weak concerns, the circular said.

The government introduced the two percent rebate system on agriculture loans repaid in original schedule from July 1, 1995.

However, Bangladesh Bank (BB) recommended continuing the rebate facility. According to BB, BKB offered interest rebate worth Tk 1.5 crore in the last five years of which BB refinanced 50 percent.

Discontinuation of such scanty rebate would hardly affect BKB's

earnings. Agri-loan defaulters often enjoy interest waiver in line with government's decision to cope with natural disaster. So, discontinuing the interest rebate for law-abiding farmers will not be justifiable, the central bank claimed.

After the BB observation, finance ministry convened a meeting with representatives of BB, NCBs, BKB and Rakub in October with Finance Secretary Zakir Ahmed Khan in the chair. After analysing pros and cons, the meeting resolved that the rebate facility may be withdrawn in view of worsening financial health of BKB and Rakub.

New MD of BFIC



GM Salehuddin Ahmed has joined Bangladesh Finance and Investment Company Limited (BFIC) recently as managing director.

Prior to joining BFIC, Ahmed served as the managing director of Bay Leasing and Investment Limited, says a press release.

During his 29 years of experience in commercial and investment banking Ahmed held several important positions in Bangladesh Krishi Bank and Saudi Bangladesh Industrial and Agricultural Investment Company Limited.

Mobile phones beat land lines in India

ANN/The Island

Indian mobile phone users have outnumbered fixed-line customers for the first time, according to the Telecom Regulatory Authority of India.

The number of mobile phone subscribers grew by 1.4 million to 44.9 million last month, overtaking the 43.9 million registered land line users, TRAI said.

The surge in mobile users reflects highly competitive tariffs offered by Indian operators.

Some Indian mobile companies offer call rates as low as two US cents a minute.

Oil prices firmer in cautious Asian trade

AFP, Singapore

Oil prices were firmer in Asian trade Friday after a sharp drop in US hours when concerns over supplies of heating oil during the northern hemisphere winter had eased, dealers said.

They said, however, that in Asian trade, the market was not as optimistic about the situation and were taking a more cautious, wait and see stance.

At 4:15 pm, light sweet crude for December delivery was at 47.57 US dollars a barrel, up 15 cents from its close of 47.42 dollars in New York on

Thursday when it had dropped 1.44 dollars.

"People are in a wait-and-see mood regarding the demand-supply balance during the northern hemisphere winter," said Tetsu Emori, chief commodities strategist at Mitsui Bussan Futures in Tokyo.

"This is kind of a correction (period) before prices go up in winter... It's idling time ahead of winter."

Despite prices falling to below 48 dollars from record highs of above 55 dollars last month, Emori is maintaining his projection for oil to hit 63 dollars by end December or

early January because of anticipated higher demand for winter heating fuel.

The US Energy Department on Wednesday said US crude oil inventories rose 1.8 million barrels to 291.5 million.

However, the stockpile for distillates - mostly heating oil and diesel - fell by 100,000 barrels to 115.6 million in the week to November 5, the eighth consecutive drop.

Heating oil inventories alone fell 100,000 barrels to 48.4 million barrels while diesel stocks were flat at 65.2 million.

HSBC set to buy Korea First Bank

AFP, Seoul

HSBC, the London-based financial services giant, has offered to buy Korea First Bank for somewhere between three and 3.5 trillion won (2.7-3.2 billion dollars), news reports here said.

The Joengang daily and the Korea Economic Daily quoted a banking source close to the deal as saying that HSBC had offered to purchase the country's seventh largest bank by taking over stakes held by US-held Newbridge Capital and the state-run Korea Deposit Insurance Corp.

Newbridge owns 48.56 percent of Korea First Bank and Korea Deposit Insurance Corp. owns 48.49 percent.

"HSBC plans to buy the shares that Newbridge holds as well as most of those owned by the Korea Deposit Insurance Corp.," the source was quoted as saying by Joengang.



People crowd open sky shoe shops on footpath near New Market in Dhaka where shoes are available at cheap price. Markets and roadside makeshift shops are crammed with people who are busy in last-minute Eid shopping.

Stock

TRADED ISSUES IN THE WEEK

DSE				CSE				Financial Performance				
Company	Price (Tk.)	Change	Turnover Share	Company	Price (Tk.)	Change	Turnover Share	Last AGM (Tk.)	EPS	DPS	AGM (%)	
AB Bank Ltd.	100.5	297.75	3.48	287.75	57.70	299.75	6.29	282.00	900	27.9903	4.79	---
City Bank Ltd.	100.5	387.25	30.21	127.75	392.00	380.00	44.33	150.00	18020	28.1103	5.51	---
IFC Bank Ltd.	100.5	405.50	5.45	385.50	32.95	403.25	Not Traded	---	---	---	---	
Islami Bank Ltd.	100.5	157.50	1.87	1454.00	39.65	157.50	1.11	4479.00	223	17.0904	16.2	---
National Bank Ltd.	100.5	391.00	0.39	389.50	21.08	390.00	4.70	372.50	1840	19.9904	17.0	---
Pubali Bank Ltd.	100.5	166.50	1.14	1043.50	57.20	164.50	1.56	1026.00	80	14.9903	19.9	---
Rupali Bank Ltd.	100.5	167.00	4.63	350.75	21.00	167.00	6.04	351.75	18970	---	28.6	---
UCC Bank Ltd.	100.5	117.25	0.68	1177.25	49.15	117.50	0.44	1180.00	35	15.9909	15.6	---
Uttara Bank Ltd.	100.5	202.75	3.81	2086.50	51.68	207.75	3.94	2088.00	260	14.9604	19.2	---
The Oriental Bank Ltd.	100.5	157.75	0.14	1579.00	21.18	---	Not Traded	---	---	---	---	
IDLC Ltd.	100.5	1067.25	2.98	1100.25	39.00	1050.00	0.00	0.00	94	26.5004	77.5	---
Eastern Bank Ltd.	100.5	804.00	0.03	803.75	59.00	---	Not Traded	---	---	---	---	
United Leasing Co. Ltd.	100.5	200.25	11.55	1823.25	12.00	200.00	Not Traded	---	---	---	---	
Uttara Finance and Inv. Co. Ltd.	100.5	827.75	3.65	855.00	32.00	850.00	Not Traded	---	---	---	---	
Uttara Finance and Inv. Co. Ltd.	100.5	169.75	2.42	2948.50	18.20	169.75	2.42	2948.50	1820	29.8300	44.2	2856.50
NCC Bank Ltd.	100.5	706.00	4.83	677.50	81.36	399.50	8.63	367.75	400	14.0504	41.2	20.00
South East Bank Ltd.	100.5	549.50	3.24	532.25	0.9310	549.50	3.24	532.25	16381	29.9904	37.8	20.00
Dhaka Bank Ltd.	100.5	662.25	6.39	622.50	29.07	659.25	4.17	624.00	51	27.9504	40.5	13.0
NCC Bank Ltd.	100.5	706.00	4.83	677.50	81.36	399.50	8.63	367.75	400	14.0504	41.2	20.00
Social Investment Bank Ltd.	100.5	578.00	5.93	4029.25	29.16	---	Not Traded	---	---	---	---	
Dutch Bangla Bank Ltd.	100.5	1520.00	5.07	1601.25	11.60	1520.00	5.07	1601.25	2021	21.0304	19.1	20.00
Mineral Trust Bank Ltd.	100.5	536.75	1.63	604.00	98.07	536.00	1.63	604.00	2621	04.0504	41.8	12.00
First Lease Ltd.	100.5	427.75	0.87	431.50	39.15	431.00	0.86	434.75	12900	10.0504	19.5	---
Standard Bank Ltd.	100.5	403.25	8.84	373.25	107.16	403.00	7.10	373.25	1019	09.0604	20.0	---
One Bank Ltd.	100.5	306.00	5.81	374.25	148.77	305.00	5.84	374.25	83172	07.0604	13.1	---
Bank Asia Ltd.	100.5	706.00	4.83	677.50	81.36	399.50	8.63	367.75	400	14.0504	41.2	20.00
Mercantile Bank Ltd.	100.5	487.25	9.80	443.75	163.91	489.00	10.44	442.00	141	14.0604	27.0	---
Investment Bank Ltd.	100.5	601.50	5.97	624.25	21.750	658.50	5.49	624.25	31000	---	17.4	---
ICB	100.5	195.00	6.19	108.75	12.60	---	Not Traded	---	---	---	---	
ICB Mutual Fund	100.5	559.00	1.09	2585.00	10.00	2600.00	Not Traded	---	---	---	---	
ICB Mutual Fund	100.5	309.00	4.90	769.25	10.00	309.00	Not Traded	---	---	---	---	
ICB Mutual Fund	100.5	606.00	0.00	696.00	12.00	620.00	Not Traded	---	---	---	---	
ICB Mutual Fund	100.5	527.00	1.00	520.25	9.00	500.00	Not Traded	---	---	---	---	
ICB Mutual Fund	100.5	340.50	1.11	336.75	1.60	340.50	Not Traded	---	---	---	---	
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