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সময়: ২ সকাল ১০টা থেকে রাত ১০টা পর্যন্ত (শুক্রবার বন্ধ)

Classified loan down by 5.68 percentage points

Increased provisioning helps banks perform better

REJAUUL KARIM BYRON

Net classified loan has declined by 5.68 percentage points in the first nine months of the 2004 calendar year, thanks to increased provisioning against bad loans by commercial banks.

The net classified loan stood at 12.42 percent on September 30 this year which was 18.10 percent on December 31, 2003.

The total volume of net classified loan has decreased by Tk 5,225 crore to stand at Tk 11,392 crore during the nine months.

However, the volume of overall classified loan has increased by Tk 846 crore during the period. The bank's total classified loan stood at Tk 21,165 crore against total advance of Tk 1,01,531 crore as on September this year.

Interestingly enough, the overall classified loan as on September 30, 2004 decreased by 1.28 per-

centage point to reach at 20.85 percent in comparison with corresponding period in the previous year.

Sources in Bangladesh Bank (BB) said net classified loan is the indicator of performance of banks in the international banking arena.

"Banking is always vulnerable to bad loans and advance always involves risk of becoming bad," a BB official said.

"Classified loan is the integral part of banking. If banks make provisioning against classified loan, clients do not have risk of losing deposits," he added.

Statistics show, some 50 commercial banks have kept aside Tk 3,889 crore as provision against bad loans during the nine months. Some 30 private commercial banks (PCBs) led with Tk 2,129 crore in provisioning. Four nationalised commercial banks (NCBs)

have made a provision of Tk 365 crore, while foreign commercial banks (FCBs) kept Tk 156 crore and five development financial institutions (DFIs) kept Tk 1,238 crore in provisioning.

Four NCBs are now tottering with Tk 7,716 crore classified loan which is 21.95 percent of their total advance and PCBs are following them with Tk 1,981 crore (4.71 percent), FCBs Tk 103 crore (1.49 percent) and DFIs with Tk 1,392 crore (23.55 percent).

Except FCBs and DFIs, overall classified loans of other lending institutions have marked rise. Classified loan of NCBs has increased by Tk 923 crore, PCBs Tk 142 crore while classified loan of FCBs has declined by Tk 64 crore and DFIs by Tk 325 crore.

Agrani Bank officials said the volume of classified loan has marked rise.

"As we have to take into

account the un-imposed interest in calculation before filing case in line with the newly enacted money loan act, Agrani Bank's classified loan has increased by Tk 200 crore," one official said.

A Sonali Bank official said the bank has lawsuit in place already against 70 percent of its classified loan. As realisation through lawsuit is yet to speed up, the classified loan is not decreasing.

Classified loan of PCBs has witnessed a moderate rise only. Private classified loan of 16 PCBs has increased.

The BB sources said classified loan of PCBs is small in volume and not alarming. Of the five problem banks, two are burdened most with bad loan. The central bank has introduced early warning system to offset bad loan. The central bank is monitoring the PCBs through this system and hopes to improve the state bad loan.

Prepare woman workforce to face quota phaseout

Garment workers alliance demands

STAR BUSINESS REPORT

Bangladesh Garment Workers Protection Alliance (BGWPA) yesterday urged the government to take immediate steps to ensure that the retrenched workers do not face any problem after quota phaseout from January.

They called for arranging special training programmes so that the employees get prepared to face the uncertainties in the days ahead.

"Nari Uddug Kendra (NUK), a member of the alliance, has undertaken a project on post-MFA era for the women garment workers. The objective is to monitor the prevailing situation of the garment workers and the industry and give information to the government and the BGMEA," said Mashuda Khatun Shefall, convener of BGWPA, at a press briefing in Dhaka.

Until now, 2,887 retrenched women workers have been identified through monitoring under this project. Of them, 1,006 workers have

been provided training on MFA phase-out, workers' rights, alternative job searching and migration to international markets, she added.

Wajedul Islam Khan, general secretary of Bangladesh Trade Union Kendra, Nasim Ferdous of NUK, Md Shelim Reza, president of National Garment Workers League, and Nazneen Yasmin, coordinator of the alliance, were present at the briefing.

Shefall feared readymade garment, the largest industrial sector of the country, may plunge into a deep crisis.

"Because of the quota system, it is mandatory for the big buyers to import garment products at least from 50 countries of the world," she observed. "With removal of this quota system, the situation will no longer remain so. In fact, the buyers will be able to import from a few countries, particularly those with the lowest lead-time."

Small garment producers and exporters will be ignored as the

outsourcing companies and the buyers will give priority to those manufacturers who can meet their requirements, the convener added.

The government in 2003 undertook a study on 'Post MFA Development Strategy & Technical Assistance for the RMG Sector' but 14 of its recommendations could not be implemented due to conflict between the garment and textile owners jeopardising their opportunities, Shefall said.

The high-powered seven-member National Coordination Council has expressed fear that around 1,000 garment factories will be closed down rendering more than 300,000 workers jobless immediately after the MFA phaseout on December 31, 2004, she mentioned.

The BGWPA was formed on December 5, 2001 in collaboration with 22 organisations comprising NGOs, trade unions and various human rights bodies, the convener added.

Pizza Hut Gulshan tops in Indian subcontinent

Pizza Hut Gulshan has been awarded 'Restaurant Excellence Award' for running a great restaurant by YUM! International, the parent company of Pizza Hut.

The award introduced in 1999 is awarded to the best run restaurant amongst over 122 Pizza Huts in the Indian subcontinent.

Bangladesh team is the twenty second restaurant to receive this prestigious award since introduction.

The award was handed over to Akku Chowdhury, head of operations, Pizza Hut and the team by Sumit Arora, Regional Manager (International Operations) of YUM! Restaurants International on Thursday.

Latifur Rahman, chairman and MD, and Saifur Rahman, director of Transcom Foods Limited, were also present on the occasion.

In December 2003 Pizza Hut was opened in Bangladesh by Transcom Foods Limited (Bangladesh franchisee of Pizza Hut and KFC) ushering the first intentional chain restaurant.

WEA training on women empowerment held in Joypurhat

A training session on 'Women's Empowerment and Advancement by Learning and Training of Herself (WEALTH)' organised by Women Entrepreneurs' Association (WEA) was held in Parulia, Ganakbari, Joypurhat on Sunday.

Inaugurating the programme local leaders and officials encouraged the participants, a group of 30 indigenous women, to make use of the training, says a press release.

WEA is organising the training programme (WEALTH) in ten districts aiming to empower women. With the financial assistance of Fair & Lovely Foundation, the programme has already been launched in eight locations—Dhaka, Manikgonj, Cox's Bazar, Chittagong, Khulna, Jessore, Bogra and Sylhet. TMSS, an NGO for women's empowerment, is implementing the training.

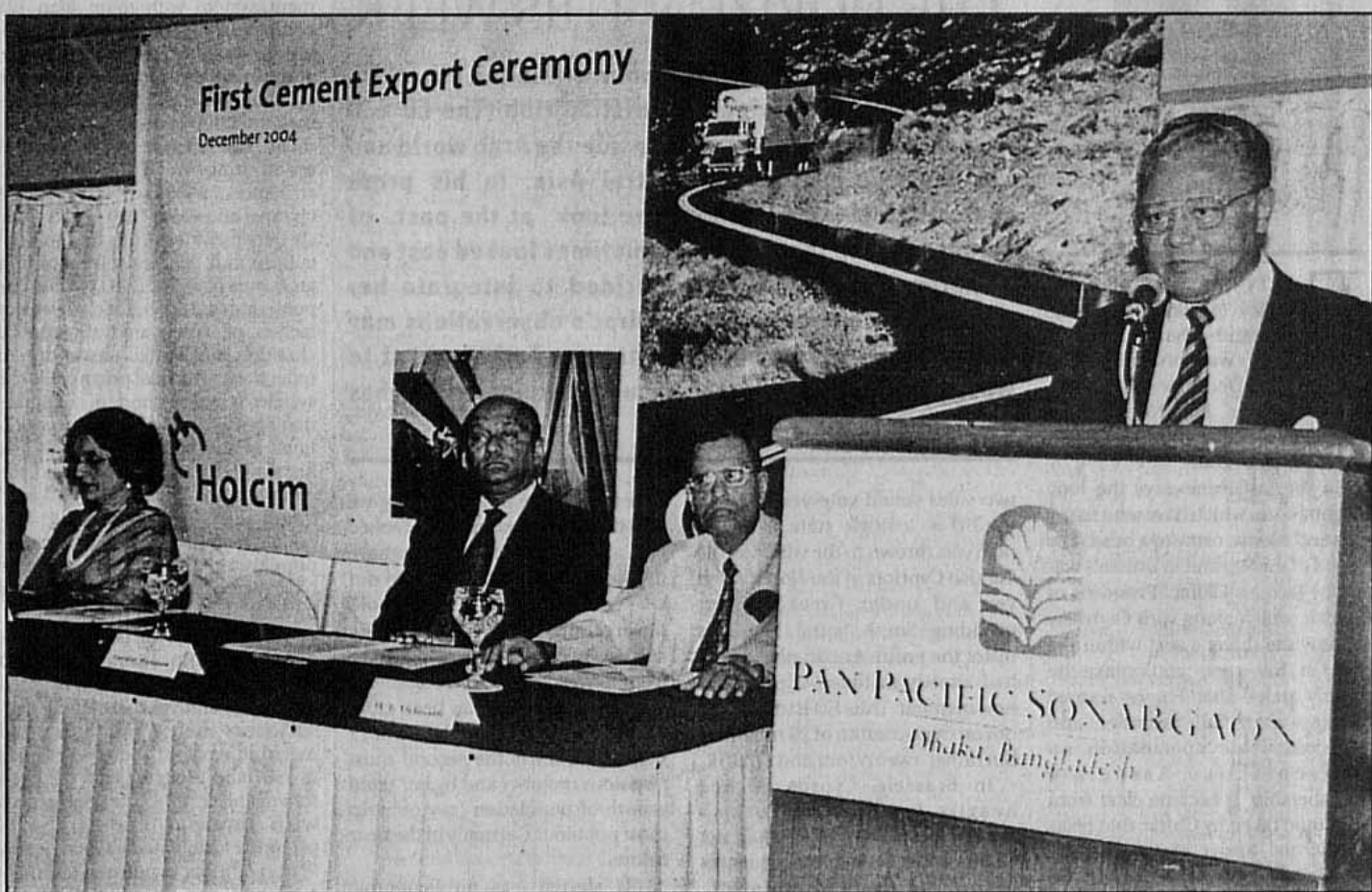
Eurozone poised to grow 2pc in '05

AFP, Brussels

The eurozone economy is on course for growth next year of about 2.0 percent despite the euro's record-breaking rally against the dollar, the European Union's executive arm said in a quarterly report Monday.

"While the easing of growth momentum in the second half of the year suggests that downside risks have not abated, the (European Commission's) basic scenario of growth in the euro area of about 2.0 percent this year and next still stands," EU economic affairs commissioner Joaquin Almunia said in the report.

The commission's previously released forecast for eurozone growth this year is actually 2.1 percent and 2.0 percent for 2005.



Commerce Minister Altaf Hossain Choudhury speaks at a function arranged to celebrate the maiden cement export by Holcim (Bangladesh) Ltd yesterday in Dhaka. (From right) ML Debnath, president of Tripura Chamber of Commerce and Industry, Latifur Rahman, chairman of Holcim (Bangladesh) Ltd, and Veena Sikri, Indian High Commissioner in Dhaka, are also seen in the picture.

Holcim set to start cement export to Tripura

Becomes first local cement company to get Bureau of Indian Standards Certificate

STAR BUSINESS REPORT

Holcim (Bangladesh) Limited is all set to begin cement export to the eastern Indian state of Tripura this week.

Holcim, Bangladesh has achieved Bureau of Indian Standards (BIS) Certificate, the first Bangladeshi cement company to obtain the certificate.

Earlier, some other local cement companies had entered the Indian market but could not continue due to non-recognition from Indian standard authorities. But officials of Holcim said the company would be able to sustain export as it has achieved BIS Certificate.

Shipment procedures of Holcim's first consignment of 1,000 tonnes have already begun.

Addressing a function to cele-

brate the maiden export of the company, Commerce Minister Altaf Hossain Choudhury said Bangladesh has huge surplus production of cement.

"So, manufacturers can find a huge market in India especially in the eastern states. As Holcim gets Indian standard clearance and other companies are in line to get the same, Bangladesh's export to India will rise," he said.

Other Bangladeshi items also have huge market in Indian eastern states, he said hoping that it would contribute to narrow trade gap between the two countries.

Indian High Commissioner to Bangladesh Veena Sikri said a peaceful solution to disputes in lead-acid battery and cement export from Bangladesh show that bilateral dialogues between governments

can bring an end to any trade differences.

Both the eastern states of India and Bangladesh hold immense trade prospects but lack of infrastructure keeps away the opportunities, she said.

Opening a riverine route between Agartala and Ashuganj, access to Chittagong port and rail link and bus service on Agartala-Kolkata route via Dhaka is a long-standing demand of the eastern states' businessmen of India, she said.

Latifur Rahman, chairman of Holcim (Bangladesh) and Transcom Group, said attaining BIS Certificate will help Holcim export cement to India in a sustainable way.

Expressing solidarity to the minister's statement he said many other Bangladeshi products have

good market prospects in the eastern states of India which in turn will help narrow trade gap between Bangladesh and India.

ML Debnath, president of Tripura Chamber of Commerce and Industry, said, "We even need to import bricks. So, Bangladesh has many products to offer us. If infrastructure, transport and visa problems are solved, trade will flourish between India and Bangladesh."

Ramit Budhraj, managing director of Holcim (Bangladesh), said it took about one and a half years to comply with every step of quality process right from the limestone mines and clinker plants in Thailand to grinding plants in Bangladesh. With this people of Tripura will get cement at an affordable price, he expressed.



Mashuda Khatun Shefall, convener of Bangladesh Garment Workers Protection Alliance, makes a point at a press briefing in Dhaka yesterday. Wajedul Islam Khan, general secretary of Bangladesh Trade Union Kendra, and Md Shelim Reza, president of National Garment Workers League, were also present.

New EPZ in Ctg soon

STAR BUSINESS REPORT

The government is going to set up a new export processing zone (EPZ) styled Karnaphuli EPZ in Chittagong soon to increase Bangladesh's export.

Bangladesh Export Processing Zones Authority (Bepza), the implementing authority of EPZs, yesterday took ownership of the remaining 148.42 acres land of Chittagong Steel Mills to establish the EPZ.

Karnaphuli EPZ will be the seventh exclusive industrial zone in the country. The EPZ sprawling over 222.42 acre land will have 200 plots. It is projected to receive an invest-

ment of Tk 360 crore and has an annual export target of Tk 250 crore.

The new EPZ will create employment opportunity for nearly 50,000 workers in 60 industries. Some 25,800 square metre of factory building will be developed for investors with infrastructure facilities.

Sources said investors have been pushing government for more plots inside Karnaphuli EPZ rather than in any other EPZs, which has prompted Bepza to ask government to extend the number of plots of the new EPZ in Chittagong.

Bangladesh Steel and Engineering Corporation (BSEC) yesterday handed over the remain-

ing 148.42 acre land to Bepza. Earlier in February this year, BSEC handed over 74 acre land of Chittagong Steel Mills, closed down in 1999, to Bepza for the proposed EPZ.

Dhaka, Chittagong, Mongla, Comilla, Uttara (Nilphamari) and Ishwardi EPZs have a total of 203 industrial units. Among them, 126 units are foreign owned, 27 are run under joint venture and 50 belong to local entrepreneurs.

Bepza Executive Chairman Zakir Hossain and BSEC Chairman Shakhwat Hossain signed the documents of handover at a function in Dhaka.

GDP growth '04 for East Asia highest since '97 crisis: ADB

ASIA NEWS NETWORK

East Asia is likely to register this year its highest GDP growth since the 1997 financial crisis, reaching 7.6%, despite high oil prices and some loss of growth momentum, the Asian Development Bank (ADB) said in a report released Monday.

"East Asian economies and financial markets have performed well despite high oil prices, as, among others, price peaks have not approached the levels of previous oil shocks in real terms and countries are now more energy-efficient and less vulnerable," said Pradumna B Rana, director for ADB's Regional Economic Monitoring Unit (REMU).

"But if oil prices remain high, or worse, increase further, they could push up inflation and adversely affect growth in East Asia," he added.

East Asia is defined in the report as the 10 members of the Association of Southeast Asian Nations, plus the PRC and Republic of Korea. The report was published in the Asia Economic Monitor (AEM), a semi-annual review covering East Asian economies.

REMU said the region's seven big economies for which quarterly data are available—People's Republic of China (PRC), Indonesia, Republic of Korea, Malaysia, the Philippines, Singapore and Thailand—posted an average 7.4 percent year-on-year GDP growth in the third quarter of 2004, compared with 8.1% in the previous quarter.

Forecasts for next year are subject to three main risks: continued high oil prices, a disorderly adjustment of the US current account deficit, and a hard landing in the PRC, ADB said.

It noted that East Asia's growth this year has been driven by a combination of a rapid increase in exports and the continued strength in domestic demand. The strong growth, coupled with high commodity prices, including oil prices, has led to a rise in inflation across the region.

The most pronounced increases, ADB said, were in the Philippines, Singapore and Thailand, where the peak inflation rate was 2-3 times higher than last year. But in all these countries, except the Philippines, inflation has somewhat moderated recently, primarily reflecting a deceleration in food prices and stronger currencies.

The performance of stock prices (in local currency terms) in 2004 ranged from a 15% decline in Thailand to a 40% increase in Indonesia, with the stock markets in the Philippines increasing by a strong 24%.

ADB cited the peaceful conclusion of elections in Indonesia and the Philippines to have contributed to these countries' improved stock market performance, aside from global and regional factors.

It attributed the decline in stock prices in Thailand to be partly a correction from the strong gains in 2003m in addition to "idiosyncratic shocks" such as the unrest in the south and the outbreak of avian flu.

Currencies East Asian currencies have generally appreciated against the dollar, reflecting the broad weakness of the

US dollar and robust balance of payments, ADB said.

Among the five larger East Asian countries with flexible exchange rates, the currencies of Korea, Singapore and Thailand have been appreciating against the US dollar since the third quarter of 2004. ADB said this reflected robust balance of payments and the general weakness of the US dollar against major global currencies.

So far this year, the Korean won has appreciated by 14% against the US dollar, Singapore dollar has been up 3.4% and Thai baht rose by 0.5% after depreciating by about 5% through August.

The Indonesia rupiah and the Philippine peso, meanwhile, depreciated reflecting these countries' relatively weaker external payments positions and the narrowing of their domestic/ international interest rate differential. The rupiah has depreciated by 7.6% against the US dollar, while the Philippine peso has remained in the vicinity of P56:US\$ for much of the year, ADB noted.

Monetary and fiscal policies With inflation on the rise, several countries adopted tighter monetary policies this year, the report stated. In the PRC, authorities continued to tighten monetary policy, most significantly, with the end-October hike in benchmark interest rates.

In Indonesia, the central bank lowered its policy rate through April. But it increased the statutory reserve requirement for banks in July in order to mitigate inflationary pressures. In the Philippines, the liquidity reserve ratio for peso deposits in financial institutions was raised by two percentage points to 10% in February.



Syed Manzur Elahi, Manzurul Islam

Banks assoc chairman, vice-chairman re-elected

Syed Manzur Elahi and Manzurul Islam have been re-elected chairman and vice-chairman of Bangladesh Association of Banks (BAB) for another two-year term of 2005 and 2006.

Elahi is the chairman of Mutual Trust Bank Ltd and Islam is the chairman of International Finance Investment and Commerce (IFIC) Bank Ltd. The executive committee of BAB in a meeting elected them on Wednesday, says a press release.

Prime Bank opens branch at Shyamoli

Prime Bank Limited yesterday opened its 34th branch at Shyamoli, Dhaka.

Eminent Economist Prof Wahiduddin Mahmud inaugurated the branch of the bank, says a press release.

Azam J Chowdhury, chairman of the bank, Prof Emaz Uddin Ahmed, former vice-chancellor of Dhaka University, M Shahjahan Bhuiyan, managing director of the bank and directors, among others, were present.