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Banks' provision shortfall down by Tk 908cr

REJAU KARIM BYRON

Commercial banks have narrowed the provision shortfall down by Tk 908 crore during the first nine months of the 2004 calendar year, thanks to better-than-expected performance by private commercial banks (PCBs) in the credit risk management system.

As of September 30, 2004 total 50 commercial banks operating in Bangladesh have been able to divert Tk 3,889 crore to provision fund against the statutory requirement of Tk 9,607 crore. The shortfall stood at Tk 5,718 crore, an improvement by Tk 908 crore from Tk 6,626 crore on December 31, 2003.

The credit goes to PCBs which have reduced the provision shortfall by Tk 318 crore. The 30 PCBs have kept Tk 2,129 crore as provision against a requirement of Tk 2,479 crore during the nine months falling short of Tk 350 crore which was Tk

667 on December 31, 2003. Of the total 30 PCBs, all the banks except eight have maintained surplus provision.

However, the encouraging performance of PCBs in provision was overshadowed by deteriorating performance of nationalised commercial banks (NCBs). The provision shortfall of four NCBs went up to Tk 5,291 crore from Tk 4,981 crore on December 31, 2003, a rise of Tk 310 crore. As on September 30, 2004, NCBs only channelled Tk 364 crore to provision fund against requirement of Tk 5,655 crore.

Development financial institutions (DFIs) were also bad performers. Provision shortfall of five DFIs have increased by Tk 99 crore during the said period. The specialised banks maintained a provision of Tk 1,238 crore against the requirement of Tk 1,347 crore with a deficit of Tk 109 crore which was Tk 11 crore as on December 31, 2003.

Always retaining a clean record in maintaining provision, foreign commercial banks (FCBs) have been able to maintain surplus provision during the nine months. With little classified loans, FCBs have maintained a provision of Tk 156 crore against the requirement of Tk 124 crore with a surplus of Tk 32 crore.

NCBs attributed the deteriorating performance to rise in bad loan and decline in income. PCBs credited the success to efficient management that contributed to income and profit growth.

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 a total advance of Tk 1,01,531 crore as on September this year.

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 per-

cent), FCBs with 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.

According to rules, apart from short term agriculture loans and microcredit, banks are required to keep one percent of total unclassified loans, 20 percent of substandard loans, 50 percent of doubtful loans and 100 percent of classified loans as provision.

For short term agriculture loans and microcredit, banks are required to maintain five percent of the total unclassified, substandard and doubtful loans and 100 percent of the total classified loans as provision.

Stocks slip on SEC decision to control excess liquidity

STAR BUSINESS REPORT

After rallying continuously for the past few days, stocks on both the Dhaka and Chittagong bourses yesterday witnessed a major price correction, thanks to a Securities and Exchange Commission (SEC) decision to control excess liquidity in the market by suspending brokers' credit facility and raising members' margin requirements.

The DSE general index closed at 1940.9 points shedding 53 points yesterday. The index had climbed to 2000 points at one stage on the previous day but closed at 1994

points at the end of day's trading. On the other hand, CSE All Share Price Index declined to 2.10 percent yesterday to close at 3542.15 points.

With the new rules restricting the credit facility coming into force, turnover witnessed a decline of Tk 3.01 crore on DSE from Tk 38.18 crore to Tk 35.17 crore. However, turnover increased on CSE by Tk 1.41 crore to Tk 9.17 crore yesterday from Tk 7.75 of the previous day.

A total of 169 issues were traded on DSE of which prices of 144 issues declined, 11 issues progressed while 14 issues remained unchanged.

On the CSE a total of 70 issues

were traded of which prices of six gained, 56 declined and eight remained unchanged.

However, the brokerage houses expressed their concern over the SEC decision, saying the market reacted negatively to the SEC decision.

A top broker expressing resentment over the decision said the market operators should have been consulted prior to going for such a crucial decision.

"The regulators should rather try to arrange offloading of government holdings into the stock market to match the huge market demand for

good scrips," the broker said seeking anonymity.

Another DSE member said the moves of the regulators were aimed at mitigating the difference between supply and demand.

According to a DSE source, some of the brokerage houses were forced to suspend trading after crossing the top free trade ceiling at Tk 50 lakh.

Talking to The Daily Star DSE Chief Executive Officer Salahuddin Ahmed Khan remarked the brokers were finding it difficult to adjust their margins as the decision came without any prior notice.

NBR sees VAT collection from retailers as per deal

BSS, Dhaka

The National Board of Revenue (NBR) yesterday expressed its hope that the small traders across the country would pay Value Added Tax (VAT) at the retailer level according to an understanding between NBR, Federation of Bangladesh Chambers and Commerce and Industries (FBCCI), and Shop Owners Association (SOA).

In a press release, the NBR said the three parties, at joint meetings held on December 15 and 19 with member of the NBR Sheikh Hafizul Kabir in the chair, reached a five-point understanding to pave the way for easy payment of VAT at the retailer and wholesale levels.

Detailing the five-point understanding, the NBR said the retailers have to pay VAT at a fixed rate on the basis of SOR-172aw/2004/418 on dated June 10 this year.

It said distributors, sole agents, commission agents, departmental stores and other big shops will pay VAT at the rate fixed on the basis of their real sale and supply registered under modern systems.

The NBR said the VAT of the business enterprises would be fixed by the committee which will be formed by the Board order.

It also said a new general order will be issued by the Board through accommodating all order as per the decision taken by the Board earlier to ease the VAT payment system.

Daffodil signs partnership deal with Pensonic

Daffodil Computers Ltd, an ICT industry of Bangladesh, has signed a partnership agreement with Pensonic Holdings in Dhaka, Malaysia on Saturday in Dhaka.

Under the accord Pensonic, Malaysia, in collaboration with Daffodil Computers, will develop market for its electrical home appliances in Bangladesh within one or two years and then set up a manufacturing plant here.

Managing Director of Daffodil Computers Md Sabur Khan and Managing Director of Pensonic, Malaysia Dixon Chew signed the deal on behalf of their companies.

Fu-Wang Foods okays 12pc dividend

Fu-Wang Foods Limited has declared a 12 percent cash dividend for its shareholders for the year that ended on June 30, 2004.

The dividend was approved at the eighth annual general meeting (AGM) of the company held in Dhaka Monday.

Hsu Chin Hua, chairman and managing director of the company, presided over the AGM conducted by Golam Mohammad, company secretary, says a press release.

Company Directors Chen Chia Liang, Wang Hai Tao, Kamal Kanti Mondal, Shahjeddul Hoque Talukder, Biplob Chakraborty, among others, were present.



State Minister for Energy and Mineral Resources AKM Mosharrar Hossain inaugurates Nitel-Eureka CNG re-fuelling station near Raowa Club in Dhaka yesterday. Chairman of Nitel-Niloy Group Abdul Matlub Ahmad and other senior officials of the Group are also seen in the picture.

India promises 'helpful tax regime' for man-made fibre

Drive to help textile sector compete globally

PALLAB BHATTACHARYA, New Delhi

Indian Finance Minister P Chidambaram promised on Tuesday a 'helpful tax regime' for man-made fibre to help the country's textile sector become globally competitive in the quota-free regime beginning from January 1.

Replying to a debate in the parliament on supplementary demands for grants, he also promised to keep up the benign tax structure for textile sector, announced in his budget presented in July this year, during the full tenure of the present Congress party-led UPA government.

He said man-made fibre sector had been heavily taxed and there was a need for looking into the problem of this sector, especially in view of quota phase out. "This sector will have a helpful tax regime from April 1, 2005. There must be level and competitive level-

playing field," the finance minister added.

Chidambaram is likely to present his next budget on February 28 when tax announcements are expected to be made.

"We are not going to tinker with the tax regime and the textile sector must take advantage of it. The tax regime would remain stable for the full term of the UPA government," he said.

Textile sector sources interpreted the finance minister's remarks as hinting at possible cut in excise on man-made fibre, which is now at 16 percent. The Indian Cotton Mills' Federation wants it to be brought down to eight percent.

Federation Chairman V K Ladia said textile sector in India is expected to grow at the rate of more than 250 percent in the next half a decade, especially due to abolition of quota regime.

Meanwhile, as Indian textile

manufacturers have started ramping up their capacities keeping in view the surge in demand in the quota-free regime, the demand for textile machinery has also gone up and international textile ancillary companies are eyeing the Indian market, industry sources said.

The Juki Machinery India Limited, which has so far been providing after-sales services in India, now contemplates to become a dealer of its parent firm Juki Corporation of Japan. Juki sewing machines have a sizable market share in Bangladesh, Sri Lanka and Nepal.

The US-based ancillary firm Strata Systems Inc has tied it up with an Indian company for certain components, which were earlier procured from the United States and the alliance may even be led to manufacture the components through joint venture.

Nepal-Bangla co to set up agro-industry at Mongla EPZ

UNB, Dhaka

A Bangladesh and Nepal joint venture company will establish an agro-based industry in Mongla Export Processing Zone.

The joint venture company, M/S Nilay Agro Processors (Bangladesh) Limited, will invest US\$ 1.05 million to annually produce 8,400 metric tons of area nut. It will create employment opportunity for 75 Bangladeshis.

An agreement to this effect was signed between the BEPZA (Bangladesh Export Processing Zones Authority) and M/s Nilay Agro Processors (Bangladesh) Limited in Dhaka on Tuesday.

Member (Investment Promotion) of BEPZA M Shahjahan and Director of M/s Nilay Agro Processors (Bangladesh) Limited Niharendu Deb signed the lease agreement on behalf of their respective sides.

Among others, BEPZA Executive Chairman M Zakir Hossain, Member (Finance) Masud Ahmed, Secretary M Mahbul Alam and General Manager (Investment Promotion) AZM Azizur Rahman were present at the signing ceremony.

Benapole land port users enforce half-day strike

UNB, Benapole

Users of Benapole land port yesterday enforced half-day strike protesting Indian BSF and Customs' impediment to the entry of cargo from Bangladesh.

A number of cargo trucks were not allowed entry during the last two days. BSF and Customs detained the trucks in no man's land creating barriers on exports, traders said.

When protested BSF and Customs officials banned entry of cargo from Bangladesh in the morning. Angry traders instantly went on strike that continued till 2pm.

Indian BSF and Customs have taken a policy of discouraging imports from Bangladesh. Few days ago a truckload of fish was held in no-man's land for about two days. The fish were rotten causing huge loss to the trader.

Japan's trade surplus with Asia nosedives on high oil price

AFP, Tokyo

Japan's trade surplus with Asia nosedived in November as rising oil prices boosted the value of imports and the tech sector's growth slumped, the government said Wednesday.

Japan had a surplus of 374.3 billion yen (3.6 billion dollars) in trade with other Asian countries in the month, falling 27.2 percent year-on-year, the finance ministry said.

Exports to Asia rose 14 percent to 2.47 trillion yen, with shipments to China growing 21.8 percent to 672.1 billion yen.

Imports from Asia jumped 26.9 percent to 2.09 trillion yen, with Chinese products accounting for 999.1 billion yen, rising 33.6 percent from a year ago.

With ASEAN, the Southeast Asian bloc which includes several oil producers, Japan moved from a trade surplus in November 2003 to a trade deficit last month of 28.1 billion yen.

Islamic banking has potential for corporate financing

Experts say

BSS, Dhaka

Experts yesterday said Islamic banking holds huge potential of corporate financing and operating money market to be able to play significant role in promoting business.

They said Islamic banks and financial institutions can offer the necessary alternative for corporate financing to trade and industry and also finance the government projects by launching various financial instruments based on Islamic norms.

The participants said Islamic banking has the potential to bring about quick and equitable socio-economic transformation in a country. The examples set by Islami Bank Bangladesh Ltd and such other banks in other countries have amply

proved it, they said.

On the second day of the three-day international seminar yesterday on 'Financial Management from an Islamic Perspective' at Sheraton Hotel the discussants dwelt on various ways of banking and corporate financing.

They said the Islamic way of banking will not only give the alternative to current global exploitative banking and financial system but also help remove income and wealth disparity from society.

Islamic Economic Research Bureau, Islami Bank Bangladesh and Jeddah-based Islamic Development Bank (IDB) jointly organised the seminar.

Vice-chancellor of Asian university Hafiz GA Siddiqui, Prof Abdul Gaffar B Ismail and Nur Azura Bnt Sanusi from Malaysia, Prof Rasim Yilmaz from Turkey, Prof Kabir

Hassan and Dr Wei Ziao from the USA, M Saifullah, Zahurul Islam Abdur Raquib, and Muzahidul Islam were, among other participants, in yesterday's seminar.

The discussions covered critical issues like the dynamics of capital structure in the light of Zakah and corporate tax, Islamic structured financing for government projects, cost of capital from Islamic perspective, design and implications of short-term instruments at zero interest in market and Malaysia's experience with corporate financing from Islamic perspective.

The topics themselves speak of the outreach of the coverage going deep into the core issues of Islamic banking and financial system now being operated in 57 countries with an estimated capital assets of 250 billion dollars world-wide.

India's Air Deccan places \$1.8b order to Airbus

PALLAB BHATTACHARYA, New Delhi

The European consortium Airbus Industrie on Tuesday bagged a 1.8-billion-dollar deal—its second in India in a week—from the country's growing low-cost airlines business to sell 30 aircraft to private airliner Air Deccan.

Airbus will begin delivery of the 180-seater Airbus A320 planes to Bangalore-based Air Deccan, India's first budget airline, in 2007, the consortium's Chief Commercial Officer John Leahy said.

It was the second order Airbus Industrie secured after Kingfisher Airline, another budget airline owned by liquor baron Vijay Mallya, signed up last week with the European consortium for ten aircraft.

Air Deccan Managing Director G.R. Gopinath said the acquisition of the 30 aircraft is based on the airlines' projection growth.

Leahy said about 14 to 15 million people fly each year in India and Malaysia but the population of India is one billion while that of Malaysia is 34 million. "It clearly indicates the big room for growth in future."

The number of air travelers in India rose by 26.5 percent in the first half of the current financial year with 18.52 million people going by air and this number is estimated to rise to 50 million in five years as the economy booms and the demand for air travel surges in view of growing low-cost airlines, say analysts.

Presently, Air Deccan operates three Airbus A320 aircraft and seven

ATR 48-seater planes for 78 flights across India everyday. In August this year, the airlines launched New Delhi-Bangalore flight with a US\$10 concession for fare reserving ten seats booking of which had to be done three months in advance.

Air Deccan competes with private Sahara Airlines and Jet Airways and state-owned Indian Airlines for the booming domestic traffic.

For Airbus Industrie, this is the biggest Indian order in a decade and a half. Leahy said he is hopeful that Indian Airlines will soon decide on its 43 aircraft.

Airbus is looking forward to securing an order of 43 A320 planes from Indian Airlines and 40-50 aircraft from Air India, India's flag-carrier abroad.

পূবালী ব্যাংক লিমিটেড
বোর্ড ডিভিশন
প্রধান কার্যালয়
২৬, দিলকুশা বাণিজ্যিক এলাকা, ঢাকা- ১০০০।

অডিটর নিয়োগ সংক্রান্ত বিজ্ঞপ্তি

এতদ্বারা পূবালী ব্যাংক লিমিটেড এর সম্মানিত শেয়ারহোল্ডারদের অবগতির জন্য জানানো যাচ্ছে যে, ১৯৯৪ সনের কোম্পানী আইনের ২১০ ধারা অনুযায়ী ৫ (পাঁচ) জন শেয়ারহোল্ডারের নিকট হতে মনোনয়ন পাওয়া গেছে যাতে তারা নিম্নবর্ণিত অডিটর ফার্মগুলিকে আগামী ৩০শে ডিসেম্বর- ২০০৪ ইং তারিখে অনুষ্ঠিতব্য ২১তম বার্ষিক সাধারণ সভায় ২০০৪ সালের জন্য ব্যাংকের অডিটর হিসাবে নিয়োগের ইচ্ছা ব্যক্ত করেছেন।

ক্রমিক নং	নাম	ঠিকানা
১	এস. এফ. আহমেদ এন্ড কোং চার্টার্ড একাউন্ট্যান্টস	বাড়ী নং- ২৫, রোড নং- ১৩/এ, ব্লক- ডি বনানী, ঢাকা- ১২১৩
২	কে. এম. আলম, খালেক এন্ড কোং চার্টার্ড একাউন্ট্যান্টস	৮০, মতিঝিল বাণিজ্যিক এলাকা (৫ম তলা) ঢাকা- ১০০০
৩	খান ওহাব শফিক রহমান এন্ড কোং চার্টার্ড একাউন্ট্যান্টস	৫৫, দিলকুশা বাণিজ্যিক এলাকা, ঢাকা- ১০০০।
৪	সাইফুল শামসুল আলম এন্ড কোং চার্টার্ড একাউন্ট্যান্টস	১৫, দিলকুশা বাণিজ্যিক এলাকা (৭ম তলা) ঢাকা- ১০০০।
৫	আলম চৌধুরী মোস্তফা এন্ড কোং চার্টার্ড একাউন্ট্যান্টস	৭৩/৩, ব্রীন রোড, ঢাকা।

এমতাবস্থায় ২১তম বার্ষিক সাধারণ সভায় তৃতীয় আলোচ্যসূচী মোতাবেক অডিটর নিয়োগের বিষয়টি বিবেচনার সময় উপরোক্ত ৫ (পাঁচ) টি অডিট ফার্মের নাম বিবেচিত হবে।

(স্বাক্ষরিত)
মোঃ ইকবাল এইচ চৌধুরী
কোম্পানী সচিব

তারিখ-ঢাকা
২১/১২/২০০৪