

DEPOSIT, CREDIT DISBURSEMENT

# PCBs outstrip NCBs for the first time

REJAUL KARIM BYRON

Despite sharing only 23 percent of total branch network, private commercial banks (PCBs) for the first time in Bangladesh banking history have overtaken nationalised commercial banks (NCBs) in terms of deposit and credit disbursement in 2004.

With the recent developments in banking sector in 2004, private banks broke the historical dominance of public banks in credit disbursement.

The 29 PCBs having a network of 1,488 branches registered 44.34 percent share in deposits while four NCBs with their 3,390 branches throughout the country recorded 42.79 percent in the last calendar year.

Analysts attribute the success of PCBs to fierce competition among private banks. The competition to woo clients and emulate one another is so intense that one bank lures efficient staff of another bank offering higher facilities to get better edge.

PCBs often introduce new and diversified financial products to provide wider option to customers. PCBs also offer greater salary, incentives and training to their staff.

On the other hand, staff of NCBs lack spirit as they get few facilities from their organisations. PCBs often buy veteran and

Total deposit collection and credit disbursement by banks in 2004

Banks	Deposit (taka in crore)	Credit (taka in crore)
NCBs	Tk 56,751 (42.79%)	Tk 39,587 (37.81%)
PCBs	Tk 58,798 (44.34%)	Tk 48,423 (46.24%)
FCBs	Tk 9,552 (7.2%)	Tk 7,252 (6.93%)
SBs	Tk 7,510 (5.66%)	Tk 9,449 (9.02%)
Total	Tk 1,32,612	Tk 1,04,714

expert hands from NCBs offering better financial facilities.

The PCBs also grabbed 46.24 percent of the total advance while the NCBs contributed 37.81 percent. Foreign commercial banks and specialised banks handled rest of the share in deposit and advance.

In 2004, PCBs registered 25.6 percent growth in deposit and 26.8 percent in advance while NCBs saw only 8.1 percent growth in deposit and 8.05 percent in advance.

Meanwhile, overall deposit growth was 16.3 percent and advance 16.49 percent. The banking sector deposit stood at Tk 1,32,612 crore and credit at Tk 1,04,714 crore.

Second and third generation private banks were credited for the tremendous success of PCBs which achieved 31 percent to 136 percent deposit growth and 28 percent to 107 percent growth in

advance.

A deputy general manager of a public bank recently took a job in Mutual Trust Bank where he will get financial benefit worth about Tk 1 lakh per month while he got Tk 30,000 worth benefits from his previous employer.

"I appeared in promotion exams of my bank for a number of times but it did not work. Without nepotism and lobbying, there is little scope for promotion in NCBs. With lower financial benefits and bleak prospect of promotion, why should I languish in a state-run bank," an aggrieved officer of an NCB told The Daily Star.

Many officers of NCBs also voiced the similar frustration. A high ranking official of National Credit and Commerce Bank said, "At private banks we offer lucrative facilities to staff and at the same time extract maximum work from them. We want efficiency."

An NCB official impute poor

performance of NCBs to a central bank embargo on credit ceiling. As NCBs are struggling to reduce bad debt, the central bank put credit growth restriction to five percent. Due to the cap, NCBs could not put efforts on deposit mobilisation.

Deposit in PCBs stood at Tk 58,798 crore and credit at Tk 48,423 crore. Deposit in four NCBs amounted to Tk 56,751 crore and credit Tk 39,587 crore. The 10 foreign commercial banks (FCBs) achieved a deposit of Tk 9,552 crore and credit Tk 7,252 crore in 2004 posting a growth of 13 percent in both segments.

Deposits in five specialised banks (SBs) amounted to Tk 7,510 crore and advance Tk 9,449 crore in the same period registering a growth of 19.89 percent and 9.16 percent.

## BGIC to issue rights share

Bangladesh General Insurance Company Ltd (BGIC) yesterday decided to issue rights share and increase the authorised capital of the company.

An extra-ordinary general meeting of the company took the decision, says a press release.

Vice-chairman of the company Ragib Ali presided over the meeting while AKAH Chaudhuri, managing director, and Towhid Samad, Saleh Ahmed, FMAB Siddique, Mahmud Hasan, Abdus Sattar and ASM Shahidullah Khan, directors, were also present.

## AKTEL, Wintel to start countrywide phone booth service

AKTEL and Wintel Ltd will soon launch the first-ever GSM-based mobile phone booth service across the country to ensure telecoms services at convenient public locations for those who do not have access to mobile or fixed phones.

A memorandum of understanding (MoU) to this effect was signed recently by the two companies in Dhaka, says a press release.

Managing Director of AKTEL Md Nasir Bin Baharom and Managing Director of Wintel Ltd Faisal Alim signed the MoU deal on behalf of their companies.

Under the MoU, Wintel will install phone booths at different locations while AKTEL will power those booths. 'Chip Cards' of different denominations starting from Tk 300 will be made available in the market.

Users will be able to make both mobile-to-mobile and mobile to land phone calls, including NWD and ISD, from the booths by using the chip cards, the release added.

## SBC buying AT&T for \$16b

REUTERS, New York/Philadelphia

SBC Communications Inc said Monday it will buy AT&T Corp for about \$16 billion, aiming to bolster its services for large corporations and end "Ma Bell's" independence. The combined company will have around \$71 billion in revenues, the same as top US telecom Verizon Communications Inc. A merger will likely face antitrust hurdles.

SBC's acquisition of the No 1 long-distance carrier will include \$14.7 billion in SBC stock and a special dividend of roughly \$1.04 billion to be paid by AT&T to its shareholders when the deal closes.

SBC will issue 0.78 of its shares for each AT&T share, valuing AT&T at \$18.41 a share. AT&T will then pay a special dividend of \$1.30 a share. Combined, the deal would value AT&T at \$19.71 a share – no premium to its closing stock price on Friday.

The deal, which is expected to close by the first half of 2006, has already drawn criticism from analysts, who slammed \$16 billion as too expensive for a company that has shrinking revenues and questionable growth prospects.

"AT&T's business doesn't seem that accretive or value added," said Greg Gorbatenko, an analyst with Marquis Investment Research.



PHOTO: STAR

A footpath in Dhanmondi Hawkers Market area in Dhaka wears a deserted look yesterday, the last day of the nationwide 60 hours general strike called by the mainstream opposition to protest Thursday's grenade attack on an Awami League rally in Habiganj that killed former finance minister Shah AMS Kibria and four others. The marathon strike has crippled the economic activities across the country.

# 75 to vie for 27-member BGMEA board

## Talks on to reach consensus before Feb 17 polls

### STAR BUSINESS REPORT

A total of 75 candidates will vie for the 27-member policymaking committee of the largest trade association Bangladesh Garment Manufacturers and Exporters Association (BGMEA) scheduled to be held on February 17.

The election commission on Saturday finalised list of eligible candidates to contest in the biennial election of the BGMEA.

So far a faction of Sammilito Parishad led by Tipu Munshi has announced its full panel while sources say backstage parleys are being held to reach a compromise to shape up two other panels.

Incumbent President Annisul Huq is expected to lead Forum panel, one of the two mainstream groups of the BGMEA.

The third panel is expected to be led by SM Fazlul Hoque.

Top leaders of the association could not reach a consensus until January 29, the last date of withdrawing nominations. As a consequence 75 candidates have decided to fight for 28 posts in the next election.

Among them, 61 candidates will vie for 20 posts in Dhaka zone and 14 for seven posts in Chittagong zone.

"Negotiations are still on and there are chances to form an alliance. There may not be two panels at the end. It is very difficult to tell the final scenario right now," said a top leader of a panel.

A total of 114 candidates from these three groups submitted their nominations but finally 75 have decided to stay in the race

this year. A total of 2,227 voters will exercise their right to elect the leadership for 2005-2006 term. Of them, 1,775 members will vote for electing 20 directors in Dhaka zone and 512 for seven directors in Chittagong zone.

The fraction led by Tipu Munshi has already finalised its 27 candidates but Forum and the other fraction of Sammilito Parishad did not announce names for their panels until yesterday.

Candidates led by Tipu Munshi are Shirin Khushid Jahan, Faruque Hassan, Md Shafiul Islam (Mohiuddin), Md Atiqul Islam, Abdus Salam Mursheedy, Kazi Zakir Hossain, Md Shahidullah Azim, Md Siddiqueur Rahman, Md Akhtaruzzaman, A Razzak Sattar, Shawkat Ali Bhuiyan (Dilan), Shahidul Haq Sikder (Litu), Shahadat Hossain Chowdhury (Arun), Arshad Jamal (Dipu), Khondoker Jamil Uddin, Reaz-Bin-Mohmood, Khondoker Abdus Salam, Faizun Nabi Chowdhury and Md Kutubul Alam from Dhaka zone.

The members of the same panel fighting from Chittagong zone are: SM Abu Tayab, Nasir Uddin Ahmed Chowdhury, ANM Saifuddin, Moinuddin Ahmed, Mohammed Musa, Khondokar Belayet Hossain and Syed Nazrul Islam.

However, according to the final candidates' list, candidates competing from Forum and the other fraction of Sammilito Parishad are Mohammed Nasir, Masud Quader Mona, Annisul Huq, Alamgir MZ Rahman, Anwar-ul-Alam Chowdhury (Parvez), Engineer Aminur Rahman Khan, Ferdous Perves Bivon, Md Shahidul Islam,

Faisal Samad, Shafiqul Islam, Golam Kabir Chowdhury, ABM Shamsuddin, M Harun-Ar-Rashid, Mahmud Hasan Khan, Shahidul Haque Mukul, Md Mesbha Uddin Ali, Rashid Ahmed Hossaini, Motaharul Islam Chowdhury, Mayenuddin Biswas, M Ghulam Faruq, M Humayun Mahmood, SM Mannan (Kochi), Md Lutfor Rahman, Golam Sarwar Milon, MM Israfil Atique, Mohsin Uddin Ahmed (Niru), Mostafizur Rahman, Haroon Ar Rashid, Jahid Akbar Chowdhury, Md Fazlul Hoque, Md Sirajul Huq, M Jinnat Ali Mian, Shakhawat Hossain, Md Sirajul Islam, Jalal Uddin Ahmed, Md Ziauddin Ahmed, SM Fazlul Hoque, Md Abdullah, AKM Nurul Haq, Professor Md Aminul Islam and Iqbal Ahmed from Dhaka zone.

Candidates for these two panels from Chittagong zone are Mohammed Abdus Salam, Md Asheek Bhuiyan, Md Ferdous, Md M Mohiuddin Chowdhury, MA Nabi, AM Mahbub Chowdhury and Mohammed Atique.

Last BGMEA election was held on January 28, 2003. Forum and Sammilito Parishad, at that time, formed an alliance and fought against Oikko Jote. Just on the day before election, Oikko Jote decided to boycott the polls. The alliance jointly led by Annisul Huq and Quazi Moniruzzaman won the election and shared the power. Quazi Moniruzzaman run the BGMEA as president in the first year and Annisul Huq is now leading this largest trade body for the second year.

## China outlook still bright, but risks loom

ANN/THE NATION

The outlook for the Chinese economy remains bright, but great risks lurk ahead, China experts warned Sunday.

"The movement of the US dollar is a key question for the Chinese economy. If the US dollar bottoms out, probably this year, and later starts to rise up quickly, then it would be big trouble for China," said Andy Xie, Morgan Stanley's chief economist for Asia.

If the dollar sinks and then slowly recovers, then high growth in China will continue, he said.

Although the United States and other countries have insisted that China revalue its yuan, currently pegged at 8.28 to the US dollar, the Chinese government should deal with financial reform before moving on to exchange-rate reform, he said.

It would take many years and great effort to clean up the Chinese financial industry, which is saddled with huge bad debts, Xie told the Fiscal Policy Office's forum held last week for executives called "Unlocking the Dragon's Gate".

# Bangladesh suffers from wrong perceptions

## Says Ratan Tata

### STAR BUSINESS REPORT

Ratan Tata, chairman of India's industrial heavyweight Tata Group, said Bangladesh is a country suffering more from wrong perceptions than actual facts.

In a recent interview with the Indian weekly BusinessWorld magazine, Tata highlighted the positive attributes and opportunities that the economic environment in Bangladesh offers.

"When you go there, you realise that their industrial policy is more open than India. They do not have a history of going back on commitments," he said

The Tata Group, which is worth more than 65,000 crore rupees, has recently announced a plan to invest US\$2 billion in Bangladesh as part of its on-going process to expand its manufacturing base globally. Other countries considered for expansion include South

Africa and South Korea.

The areas of investment being considered for Bangladesh are in the manufacturing sectors of steel, power and fertilizers. "The areas we are looking at are good for Bangladesh. All of these are commodities or utilities that are consumable within Bangladesh" he was quoted as saying.

Tata believes that Bangladesh even has the opportunity to eventually emerge as an exporter of steel and fertilizers in the global market.

In the interview, he praised the efforts that have been put in by the Bangladeshi government when it comes to maintaining the promises made under trade agreements with foreign investors.

"There are some places where pricing commitments have actually hurt the Bangladesh Government. But they haven't changed the law; they have honored those commitments", he said.

While these portray a promising investment environment, Tata also said Bangladesh is being hurt by the present "chicken-and-egg" situation prevalent in the economy.

To highlight this problem, Tata cited the example of a plan that was recently made by Tata Company to set up a power plant in a particular location in Bangladesh with no gas.

"IFC and the World Bank have projects to put up a pipeline. But they won't put up a pipeline because there is no demand. Now if we have power plant, there would be demand and they will be willing to participate," he added.

Tata expressed confidence in the economic scenario in Bangladesh and believed that there are potential gains that can be made by investing in Bangladeshi market.

# IPO subscription deadline of Global Ins extended

### STAR BUSINESS REPORT

The initial public offering (IPO) subscription period of the Global Insurance Ltd has been extended up to February 6, company officials said.

The company opened its IPO subscription on January 29 and it was scheduled to be closed on February 2.

"Investors could not apply for the IPO as some of the private banks, which are the bankers to the issue were supposed to receive money from the investors but they could not function properly in the first three days of the five-day subscription period due to 60-hour hartal ending Monday," said an official of the company.

Taking the situation into consideration, the company decided to extend the subscription period up to February 6 after taking permission from the regulator, he added.

"We hope IPO will get good response from the investors. So, they should be given sufficient time to apply for the shares," the official said.

Global Insurance offered

900,000 shares of Tk 100 each at par totaling Tk 9 crore. As per Public Issue Rules 1998, the company kept 10 percent of the total shares

## Opec signals era of costly oil

AFP, Vienna

A decision by Opec to suspend its low price target for crude oil and members' comments that high prices have not hit world economic growth are clear signs of a new era of expensive oil, analysts say.

Opec decided at a meeting in Vienna on Sunday to keep oil production steady in the face of increased cold weather demand during the northern winter but also hinted that high prices for crude were here to stay and that it may cut output soon.

"Prices are likely to remain higher than past averages," Adam Sieminski, an analyst with Deutsche Bank in London, told AFP on Monday.

amounting to Tk 90 lakh reserved for the non-resident Bangladeshis (NRBs) and the rest Tk 8.10 crore offered to the general public.

As per provision of the Depository Act, 1999 and regulations made thereunder, shares will only be issued in dematerialised condition. As a result, it has been made mandatory for the company not to allow the applications for shares from the general public, who does not have beneficial owner account (BO account).

However, the NRBs have been allowed to apply for shares without BO account provided that he or she would inform the company in writing about his or her depository account number subsequently for getting shares of the company, if allotted in his or her favour.

Presently, 18 general and three life insurance companies are listed with the stock exchanges, which are being traded at attractive prices. Another insurance company Agrani Insurance company Limited opened subscription for IPO on January 9 and closed on January 13. The IPOs of Agrani were oversubscribed by more than seven times.