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Agrani Bank cuts interest rates on savings schemes

3 percentage point cut takes effect on April 1

REJAUL KARIM BYRON

Agrani Bank has drastically cut interest rates on its special savings schemes as part of the state-run bank's cost-cutting measures to overcome its appalling financial performance last year.

In a circular issued yesterday, Agrani Bank reduced interest rate on 10-year maturity APS (Agrani Pension Scheme) to 9 percent from 12 percent. It also cut the interest on five-year APS to 7 percent from 10 percent. The new rates will take effect on April 1.

It is the only nationalised commercial bank (NCB) that recorded a loss in 2004. The third ranked public bank incurred a loss of about Tk 84 crore last year. The huge loss prompted the bank's management to go for cost-cutting measures through change in interest rates.

The new rates will be applicable to the running schemes from April 1, said a high official of the bank, now under temporary private management of Hong Kong-based PricewaterhouseCoopers.

When asked if it violates the savings instruments rules, the official said the account form, which the savers filled in and signed, has a rule that says bank can anytime change the interest rates.

Agrani Bank also increased interest rate for the loans taken by the savers against their savings by 2 percent. The loans against 10-year APS have been fixed at 11 percent and against five-year APS at 9 percent.

The bank, however, has not changed the interest rate in deposit pension scheme (DPS), even though it increased interest rate on loans against DPS to 17 percent from an earlier 15 percent.

Of the total Tk 12,000 crore deposit in Agrani Bank, the pension schemes mobilise Tk 3,500 crore or 30 percent of the total deposit. The cost of fund of the bank is 8.5 percent.

Sources said the bank cannot keep up with the high interest rates of pension schemes against the 8.5 percent cost of fund. As the bank had no other shortcut remedy, the management took the measures to come out of huge loss overnight, the sources added.

Sylhet int'l trade fair now begins Friday

STAFF CORRESPONDENT, *Sylhet*

The month long international trade fair in Sylhet will now start on Friday (April 1).

Sylhet Chamber of Commerce & Industries (SCCI), the organiser of the fair, announced the new schedule at a press conference here yesterday.

The date of the fair was deferred thrice earlier. Lastly, it was scheduled to begin on March 28.

The main objective of the fair is to promote Bangladeshi goods and local entrepreneurs, especially the women entrepreneurs, the organisers said. They also hoped the fair will help expand market of local goods.

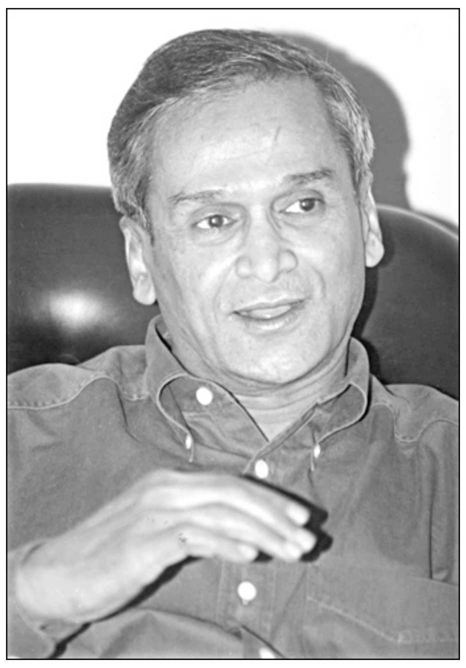
Around 200 stalls will be set up in addition to the pavilions of Iran, Malaysia, China and Pakistan at the Government MC College ground.

Nasim Hossain, director of SCCI and convener of the fair committee, addressed the press while SCCI acting President Hijkil Gulzar, Vice President Zunnun Mahmud Khan and former president Abdur Razzaque Chowdhury also spoke at the conference.

High time for Bangladesh to grab piece of global drug market

Acme Laboratories DMD talks to The Daily Star

MONJUR MAHMUD



Dr Jabil R Sinha

It is high time for Bangladesh to explore the opportunity of drug exports in the global market in the wake of the World Trade Organisation deal on medicine, said a senior executive of a leading pharmaceutical company.

"Under a preferential treatment, the least developed countries can produce and export drugs until 2016 without having patent rights. It's an opportunity and we should seize it," Dr Jabil R Sinha, deputy managing director of The Acme Laboratories Ltd, told The Daily Star in an interview.

Bangladesh imports almost 100 percent bulk drugs until now. Setting up of a treatment plant is a prerequisite to produce bulk drugs, known as active pharmaceutical ingredient (API), locally.

"We have already spent almost four years after we got the opportunity in Doha Development Round. Talks are going on to set up the plant but I see no action yet," Sinha observed.

For export it is mandatory for each drug to get registered in every country. Sometimes, cost of registration for a single drug in some countries goes as high as US$10,000. "So, it is very difficult for local companies to increase exports in the global market without government incentive."

According to a government rule, a company can spend not more than $2,500 per month for maintaining office, staff salary and others abroad. But in reality it is not possible to operate an office with this ceiling.

"The government should give incentives to the pharmaceutical companies so that they can explore the opportunities. Instead, the pharmaceutical companies are paying tax on imported bulk drugs," he said.

The Acme is celebrating 50 years of its inception. Late Hamidur Rahman Sinha founded 'The Acme Laboratories' in 1954 with limited formulations of medicines in oral and powder forms and it became a private limited company in 1976.

And today it has become the second largest pharmaceutical company in the country after Square with the annual turnover amounting to Tk270 crore, Sinha said.

"Fifty years ago it was not an easy task to set up a highly sophisticated industry without bank loans and government assistance. So, it demanded immense effort, strong determination along with vision and dreams," Sinha felt.

Explaining what difficulties Acme had to overcome in its early days, Sinha added it was very difficult for the local companies to compete with the multinational ones as the foreign companies were dominating the local market.

The country's drug policy in 1980s gave a big boost to the local company. Local companies had to pay less tax than the multinationals, helping the locals to become competitive.

In 2004, some sophisticated formulations, dry powder inhaler (DPI), metered dose inhaler and suppository had been included in the product range of Acme.

Acme's success at home prompted it to explore global market. The year 1995 was another milestone for Acme as it started exporting medicines to Bhutan and the company is now exporting drugs to 12 countries including Hong Kong, Pakistan, Sri Lanka and the Philippines.

Among the medicines exported, antibiotic, antihypertensive, antiulcerant and vitamins are the most important items.

Acme started exporting drug to Pakistan in 1999 and it is now planning to set up a manufacturing plant within few years there. "We are growing in the global market," Sinha added.

After achieving rapid growth, Acme expanded and diversified its business. Now the group has its presence in information and communication technology (ICT), food and beverages, textiles and garment manufacturing and exporting, tour and travels and printing.

"My father's motto was to make medicines at affordable prices so that it can help the poor side by side a way of making money. His advice was 'Always do an honest business' and that is why we never compromise on quality."

Acme has also plans to set up a biotechnology laboratory and a cancer and diabetic research centre in the country within next five years.

"We did not reach a stage to say it has been enough for us. There is no end to it," he went on.

Sinha felt unity among family members is one of the main reasons for which Acme has been a very successful group. Presently, four sons of late Hamidur Rahman Sinha and husbands of two daughters look after all operations of Acme.

BILL ON DUTY-FREE ACCESS TO US

BGMEA to hold business confce of 14 LDCs in May

MD HASAN

With a view to mobilising support for a bill on duty-free access to US market, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) will hold a business conference of 14 beneficiary least developed countries (LDCs) in May in Dhaka.

As a part of BGMEA's campaign for free-market access to the US market, trade bodies of seven LDCs, such as Nepal, Bhutan, Cambodia, Afghanistan, Yemen, and Laos, have already shown great interests in attending the conference, BGMEA officials said yesterday.

Business delegates from Kiribati, East Timor, Samoa, Solomon Islands, the Maldives, Vanuatu and Tuvalu are also expected to join the meeting, BGMEA President Annisul Huq hoped.

"It will be very difficult to get the outcome of the bill in our favour but we are moving in a planned way. We have plans to arrange another meeting of commerce ministers of these LDCs after the business meeting is over," Huq said. A few US senators and Congressmen will also be invited to take a closer look at the RMG industry of Bangladesh, he added.

All the 14 LDCs including Bangladesh are eagerly waiting for the outcome of the bill titled "Tariff Relief Assistance for Developing Economies Act 2005", which was placed in the US Congress in February.

"Undoubtedly, the bill has to go through a very difficult and long-term process in the US senate. However, we have got some positive response from the bodies concerned," said Haq.

"Another bill titled 'Central American Free Trade Agreement' (CAFTA) is going to be discussed in the congress next month," he said. "And we will take our initiatives following the output of CAFTA."

Meanwhile, BGMEA has started a campaign on its own to help move the bill in Bangladesh's favour. BGMEA has also appointed lobbyists in the United States in this regard. Presently, an average duty of 16 percent is charged on exports of apparel and garment from Bangladesh.

"If the lobbying of both the government and the trade bodies continues, Bangladesh can expect to get a good news this yearend. Presently, Bangladesh exports readymade garments worth only US$1.7 billion to US market but if the bill passes, our export volume may rise approximately by half a billion US dollars per year," BGMEA president hoped.

New cotton mill inaugurated in Mymensingh

A new knit yarn manufacturing company, Akbar Cotton Mills Ltd, has been set up in Mymensingh with joint financial assistance of Sonali and Janata banks.

The export-oriented enterprise consisting of 28,500 spindles was inaugurated at Jamirdia in Mymensingh recently, says a press release.

Managing Director of Sonali Bank M Tahmilur Rahman was chief guest at the inaugural function while General Manager of Janata Bank Golam Morshed, Chairman of the new company Ali Akbar Mia and Managing Director Noor E Alam Siddique were also present.

Transcom signs deal with HSBC

The employees of Hongkong and Shanghai Banking Corporation (HSBC) Ltd will be able to buy electronics products of Transcom Electronics Ltd through a special purchase scheme.

A corporate agreement titled "EzeeBuy" to this effect was signed between Transcom Electronics and HSBC at Transcom's head office in Dhaka yesterday.

General Manager (Finance and Accounts) of Transcom Electronics Habibur Rahman Mollah and Chief Operating Officer of HSBC Md W Adnan Wahed signed the deal on behalf of their companies.

Transcom's Board Director Obaidur Rahman Khan, General Manager (HR and Admin) Lt Col (Retd) Shahriar A Chowdhury, General Manager (Sales and Marketing) Arshad Huq, National Sales Manager (Retail) Jafrul Alam Khan, HSBC Manager (HR) Syed Akhtar Hasan Uddin, and Product Manager (Personal Financial Services) Sazia Hussain, among others, were present at the signing ceremony.

PHOTO: STAR

Khalid Firoz Arfeen (C), president of Karachi Chamber of Commerce and Industry (KCCI), speaks at a meeting with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka yesterday. FBCCI First Vice-president Kamaluddin Ahmed (R) and KCCI Senior Vice-president Mian Abrar Ahmad (L) are also seen.

Pak chamber leaders keen to set up jt venture textile units in Bangladesh

STAR BUSINESS REPORT

Pakistani entrepreneurs yesterday expressed keen interest to set up joint venture textile units in Bangladesh.

They also said both the countries will benefit from the joint ventures.

"We are advanced in textile sector and Bangladesh has skilled human resources for high value added apparel industry. So, joint ventures will help us both," Khalid Firoz Arfeen, president of Karachi Chamber of Commerce and Industry (KCCI), told Bangladeshi chamber leaders in Dhaka.

With 17 percent industrial growth at present, Pakistan produces 25 percent of the world's cotton and 68 percent of Pakistan's export revenue comes from cotton and textile products, he said, adding that Bangladesh's apparel industry, which is fast growing, is dependent on imported cotton and fabrics.

Arfeen is leading a KCCI business delegation in Bangladesh to discuss bilateral and regional trade and investment opportunities.

The KCCI business team yesterday separately met leaders of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and Dhaka Chamber of Commerce and Industry (DCCI).

The KCCI leaders also stressed the need for an early signing of free trade agreement (FTA) between Bangladesh and Pakistan for the benefit of both the countries.

If the two nations enter into a free trade era, the textile and clothing industry will get a boost, they observed.

"The Bangladeshi business leaders should also want the FTA as it will help establish joint ventures and expand existing trade and investment," the KCCI chief said.

The KCCI and the DCCI also agreed to form Bangladesh-Pakistan Business Development Council to facilitate trade and investment between the two countries.

The planned business development council, comprising of business leaders, will sit at least once a quarter to discuss ways and means to enhance trade, the meeting was told.

Speaking at the function, DCCI President Sayeeful Islam urged the Pakistani business leaders to help Bangladeshi manufacturers to market their products to Afghanistan and central Asian nations.

He also offered similar cooperation from Bangladesh side to market Pakistani products to the Southeast Asian countries.

In the meeting with the FBCCI, the KCCI delegation showed interest in telecommunications, light engineering, education and food processing of Bangladesh.

Speaking at the function, FBCCI First Vice-president Kamaluddin Ahmed said a strong business alliance is needed to improve trade scenario between the two countries.

Pakistan's export to Bangladesh was $195.01 million in 2003-2004 while Bangladesh's cumulative export to Pakistan was $45.57 million.

StanChart disburses its first home loan

Standard Chartered Bank has disbursed the first home loan to its client.

M Sajidur Rahman, head (Consumer Banking) of Standard Chartered Bank, Bangladesh, handed over a pay order to Oliur Rahman, the first client of bank's Home Loan scheme, in Dhaka recently, says a press release.

Standard Chartered Bank launched its Home Loan scheme early this year. The scheme offers maximum 15 years repayment period with an interest rate of 11.5 percent per annum that is calculated on a monthly reducing balance method. Besides, it requires no cash security or third party guarantee.

New AMD of NCC Bank

Kazi Md Shafiqur Rahman has recently been made additional managing director of National Credit and Commerce (NCC) Bank Ltd.

Prior to his new assignment, he was working as deputy managing director in the same bank.

Rahman started his banking career in 1973 in Janata Bank and was promoted to deputy general manager of the bank in 1994. He joined NCC Bank as executive vice president in 1999, says a press release.

PREMIER BANK IPO SCAM

SEC to take stern action against lawbreakers

Probe report submitted

STAR BUSINESS REPORT

As Securities and Exchange Commission (SEC) started examining the probe committee report on Premier Bank IPO scam, the commission chairman yesterday said SEC will take tough actions against lawbreakers.

The commission chairman will convene a board meeting in the third week of April and adopt a resolution on disciplinary actions. The commission will also send a set of recommendations to Bangladesh Bank (BB) on the basis of the resolution suggesting what action the central bank can take against the Premier Bank management.

The four-member SEC probe committee, formed on February 12 following suspension of a Tk 55 crore initial public offering (IPO) of Premier Bank after detection of numerous fake beneficiary owner's (BO) accounts, formally submitted its report to SEC chairman yesterday.

Talking to newspersons yesterday at his office, SEC Chairman Mirza Azizul Islam said they have four options of taking punitive actions depending on the nature of the irregularities.

SEC can suspend and cancel licence of depository participants (DPs) and issue manager, impose fine not less than Tk 1 lakh and lodge civil or criminal cases against the culprits, he said. "Individuals or organisations whoever are found guilty, will not be spared."

He said SEC can take actions against any of its licence holders like DPs and issue managers. As commercial bank is regulated by BB, the central bank will take disciplinary action against the Premier Bank management.

The 65-page probe report covered interviews of officials of the bank, issue manager, Equity Partners Ltd, DP wing of Premier Bank, Anwar Securities and other suspected DPs, SEC chairman added.

Asked about SEC action to check fake BO accounts, he said SEC will soon issue a circular giving a timetable to 160 DPs to comply with rules in opening BO accounts.

When sought his comment on newspaper report that said the SEC report blamed board of directors and five top management officials of the Premier Bank for the forgery, the SEC chairman declined to comment saying he could not go through the entire report yet.

He said he will leave for Colombo on April 3 to attend a conference of International Organisation of Securities Commissions and after return on April 15, he will convene commission board meeting to discuss the probe report and take resolution.

Meanwhile, BB will conduct a personal hearing of Premier Bank MD Kazi Abdul Mazid on April 2 about a BB show-cause notice on why he should not be removed after the irregularities.

The SEC probe committee has held several directors and five top management officials of Premier Bank including Managing Director Kazi Abdul Mazid, its Vice-president and Manager of Banani branch Syed Nowsher Ali responsible for opening some 32,000 fake BO accounts, sources said.

Emirates adds new Boeing to its fleet

Emirates, the Dubai-based international airlines, has recently added new Boeing 777-300ER (extended range) aircraft to its fleet.

Part of a $30 billion fleet expansion programme of the airlines, the first airliner of 30 Boeing 777-300ERs fleet arrived at Dubai airport to join Emirates airlines, says a press release.

Under the programme, Emirates will receive 10 Boeing 777-300ERs of its firm order of 30 by the end of 2005. At an average, Emirates will add one new aircraft per month through 2012 to its fleet

The new aircraft will be used to provide extra capacity on existing long-range services such as Manila, Bangkok, Sydney and Auckland. It will incorporate a combination of two and three class configurations, the release added.

Pakistan offers Nepal $5m trade credit, FTA

AFP, *Kathmandu*

Pakistan Wednesday offered Nepal five million dollars in trade credits and talks on a free trade agreement after the first meeting of senior economic officials of the two countries in a decade, Nepal's finance ministry said.

Nepalese Finance Minister Madhukar Shumsher Rana and Pakistan's Minister of State for Economic Affairs Hina Rabbani Khar concluded two days of talks by signing an agreement to boost trade and investment in the fields of health, textiles, pharmaceuticals, tourism and civil aviation.

The economic package by Pakistan comes after India cut military aid to the Hindu kingdom following a February 1 seizure of power by King Gyanendra.

"Both sides agreed to form a joint task force to initiate negotiations on a bilateral free-trade agreement" the Nepalese finance ministry said in a statement issued at the end of the meeting of the Pakistan-Nepal Joint Economic Commission (JEC).

The two countries also committed to a proposal by the South Asian Association for Regional Cooperation for a regional free trade pact in the next few years.

In addition, Pakistan offered a five-million dollar credit facility and asked Nepal to utilize it for the furtherance of bilateral economic relations between the two countries, the statement said.

Nepal, where a Maoist insurgency has left more than 11,000 people since 1996, is one of the 10 poorest nations in the world and relies on international donor aid for more than half of its development budget.

MS rod price soaring on costly raw materials, 'illogical' tax

Steel millers say

STAR BUSINESS REPORT

Prices of MS (mild steel) rod have shot up by over 165 percent per ton over the past five years due to 'illogical' tax imposition by the government.

The price of MS rod was Tk 13,200 per ton in January 2000 which has gone up to Tk 36,000 per ton during March 2005, according to the statistics of the steel re-rollers.

Leaders of Bangladesh Re-rolling Mills Association (BRMA) and Bangladesh Steel Mill Owners Association (BSMOA) at joint a press conference yesterday said they are also compelled to increase prices of MS rod due to higher price of raw materials. Frequent power outage and erratic gas supply to mills have also contributed to the price-hike.

They alleged the sector is passing through a tough time due to 'illogical tax' imposition on raw materials.

Mill owners said they will be able to reduce prices if the government takes effective measures including withdrawal of taxes on all types of raw materials used in the sector including chemicals.

Mill owners demanded smooth power supply and demanded reduction in electricity tariff.

They also demanded supply of gas at cheaper rates and collateral and interest free loan for import of generators to be used in re-rolling industries.

The leaders admitted that prices of steel and steel products have almost doubled due to huge consumption of steel products by China for its 2008 Olympic preparatory construction. Besides, rebuilding of war-ravaged Iraq and Afghanistan also acted as price hike factors.

Prices of steel and steel products are in a soaring trend globally. Even the price of MS rod in India, which has a stock of iron ore, is higher in comparison with Bangladesh, they observed.

In response to an inquiry, the leaders said if the government provides necessary incentives, the country's re-rolling industry is capable enough to compete with the Indian Tata Group, which plans to build a steel plant here.

The press conference organised at the Jatiya Press Club was addressed, among others, by BRMA President Ali Hossain and BSMOA President Badiul Alam respectively while Sheikh Masadul Alam Masud, general secretary of the two associations readout the written statement.