

## Big loan defaulters remain untouched

### Saifur says at BSB award giving function

#### STAR BUSINESS REPORT

The finance minister on Wednesday said authorities even file cases against small loan defaulters, but hardly take any step against the big shots who default on huge amount of loans.

Coming down heavily on the big loan defaulters, Finance and Planning Minister M Saifur Rahman said some big shots drew Tk 200-300 crore loans in the past and are not bothered about the repayments.

Interestingly, he went on, no strong actions are taken against them. Authorities, on the other hand, take tough action against the small entrepreneurs if they are defaulters,

the minister said.

The minister was speaking at Bangladesh Shilpa Bank's (BSB) award giving ceremony to award 21 ideal loan recipients for the FY2004-05 for paying their instalments timely.

The 21 awardees form different parts of the country took lower to medium range loans for establishing spinning mills, clinics, rice mills, fabrics and textile mills and agro-based industries.

However, Saifur is optimistic about the new generation entrepreneurs who, he said, are quite promising and industrious.

He urged the bank authorities to provide more syndicate loan as it is

easy to reclaim.

The minister also thanked the loan recipients for their timely repayments.

Bangladesh Bank Governor Salehuddin Ahmed and Finance Secretary Siddiqur Rahman also attended the function with BSB Chairman Prof Abu Ahmed in the chair.

Since the establishment in 1972, BSB disbursed Tk 1,562.76 crore as loan and recovered Tk 2,040.91 crore with interests as till June 30, 2005.

For the FY2005-06, the bank has approved Tk 200 crore. It already disbursed loan of Tk 125 crore and recovered Tk 120 crore.

## 229 firms seek to install small power plants

#### UNB, Dhaka

A total of 229 local firms submitted initial proposals for setting up the proposed 23 small power plants (SPPs) across the country.

Wednesday was the last date for submitting initial proposals for building 23 SPPs. Of these, 14 will be set up on the sites belonging to the Power Development Board (PDB). Eight plants will be installed on the sites of the Rural

Electrification Board (REB) and one in the area of the Dhaka Electric Supply Company (Desco).

Officials said a total of 335 firms collected the Expression of Interest (Eoi) forms from different power-supply agencies such as the PDB, the REB and the Desco. Each Eoi form cost Tk 10,000.

Of the collected Eois, 179 firms collected Eoi from the PDB, but finally 106 firms submitted their Eois.

On the other hand, 109 Eois were dropped to vie for building the proposed eight SPPs of the REB.

The Desco sold 26 Eois for its one project at Bashundhara. However, 14 firms finally submitted Eoi for the project.

Capacity of each of the proposed plants will range from 10 to 50 megawatts. Installation cost of a 10-MW project is estimated Tk 30 crore.

## DSE installs CCTV

#### BDNEWS, Dhaka

The Dhaka Stock Exchange (DSE) has tightened its security system by installing close circuit television (CCTV) at the various points of the bourse.

"We have decided to install CCTV at the bourse followed by the bombings in London on July 7," DSE Chief Executive Officer (CEO) Salehuddin Ahmed Khan told the news agency yesterday.

The new system has started working from August 20, he said, adding, "Now we will be able to identify persons entering into the exchange."

He said a continuous vigilance and monitoring from three points of the bourse is going on.

Currently, the CCTV has been installed at nine points including lifts, entrances and footpaths in front of the DSE.

A total of Tk 0.75 million was invested for installing CCTV, he said.

## StanChart group chairman hands over CEP, debit card packs

Group Chairman of Standard Chartered PLC Bryan K Sanderson handed over corporate executive pack (CEP) and debit card welcome packs to the customers of the bank at a function at the bank's Hotel Sheraton branch in Dhaka on Tuesday.

Jaspal Bindra, regional general manager (South Asia), Osman Morad, chief executive officer of Standard Chartered Bangladesh, M Sajjid Rahman, head of Consumer Banking, and other senior officials were also present at the function, says a press release.

During his visit to Bangladesh, Sanderson met the president, the finance minister and the Bangladesh Bank governor.

## Real estate fair begins in Ctg

#### CU CORRESPONDENT

A three-day real estate fair began here in the port city yesterday.

Fisheries and Livestock Minister Abdullah Al Noman inaugurated the fair titled "Chittagong Real Estate Fair 2005" at the Institute of Engineers, Bangladesh in Chittagong.

Scintilla Ltd, an event management firm of the port city, has organised the show, which is co-sponsored by Equity Property Management Ltd, Sanmar Properties Ltd and Ideal Home Builders Ltd. Channel-I is the media partner of the fair.

A total of 40 firms are showcasing their products and services in 48 stalls at the fair, the organisers said.

The fair will remain open from 10am to 8pm everyday.

## OIL SHOCKS AND ECONOMY

Citigroup Country Officer, Bangladesh Mamun Rashid (MR) talks to The Daily Star (DS). He is the executive committee member as well as the chairman of the banking standing committee of International Chamber of Commerce-Bangladesh (ICC-B) & executive committee member of Foreign Investors' Chamber of Commerce & Industry (FICCI).

## 'Fuel price must be adjusted with that of international price'

DS: The govt is receiving mixed reaction regarding the recent domestic fuel price hike following increasing fuel prices internationally. What impact do you think this hike is going to have on Bangladesh economy, which is seemingly sensitive to oil price movement? What measures do you think Bangladesh should adopt to mitigate any negative impact on the economy?

MR: The govt has done a right job by increasing the fuel price and they should drive this as a continuous process. Our fuel prices are still below as compared to our neighboring countries, a fact that is encouraging smuggling for many years. The wide gap between international and domestic price of fuel has led to a loss of around BDT 27 billion for the state owned Bangladesh Petroleum Corporation (BPC) in the last fiscal. The age of subsidy is bound to come to end (especially to the wrong segment of the market), only the sooner the better. More alarming is the fact that with the increased price of fuel in the international market Bangladesh will be required to pay more than USD 2 billion in foreign currency in the current fiscal year which is almost double than the previous fiscal, with tremendous pressure on our already fragile forex reserve. Oil itself any way has become like trading currency. Any political turmoil or major international disturbances influence it. It has become so sensitive. Though I am hopeful (rather praying for Goldman Sachs' prediction for fuel price to go up to \$ 100 per barrel to be proven wrong) that as the international price stabilizes and if comes down to \$50 it will reduce the current crisis to some extent. Given the scenario I believe that this recent hike will not have a major negative impact on our economy provided the govt. supports the price increase with required policy measures. The farmers who reportedly use diesel (the highest value drainer, diesel occupying almost 62 percent of our imports) can be subsidized through a structured program. Octane and Petrol price (which in fact is subsidizing the wrong section of the market with questionable contribution to the national exchequer) should immediately be increased to India and Sri Lanka level, if not Myanmar. Minimum 1 dollar per liter has become almost a standard. I would like to commend the govt. on the recent steps it is contemplating, like having two days holiday. This coupled with bolder steps like shutting



Mamun Rashid

down shopping malls after 7pm as is the practice in many countries, will help to control fuel usage. The social impact I believe would not be negative. Provided the fact that failing to visit markets on working days people will grow the habit of going to malls on weekends. This will minimize the losses of the retail traders. In addition I strongly believe the govt. should take steps to encourage the use of natural gas instead of oil (where applicable) in the industrial sector to reduce dependency on oil and continuous conversion of transports to CNG should continue, with expansion of CNG facilities network.

DS: The govt's recent contractionary monetary policy is being driven by the intent to increase the lending rate in the financial market. How do you think this is going to impact the investment scenario of the country?

MR: Any increase in the domestic markets lending rate influences the investment in the short run. The internal rate of return (IRR) of many projects will be affected due to the higher financial cost. But this is from a short run perspective. I believe Bangladesh economy has the capacity to absorb higher interest rates. One prime example is the micro finance institutions. Their average lending rate is much higher than commercial banks, yet their positive impact on our economy, especially at the 'bottom of the pyramid' is now internationally respected. But again govt must be cautious not to hinder investment in priority sectors like power, infrastructure etc. Sectors like agriculture already enjoys preferential rate. The growth of other priority sectors must also be protected from declining. Financial sector should be made efficient to serving the cause of their clients quick. Side by side, govt. also should increase rate of treasury bills, other wise the policy

of increasing CRR/SLR might be deemed as govt's clever move to support govt's financing cheap, vis-à-vis mopping up excess liquidity as a part of contractionary monetary policy, as mentioned.

DS: There are widespread apprehensions regarding the recent domestic political developments and FDI scenario. Do you think it is going to have any serious impact on the FDI inflow in the country?

MR: In recent times Bangladesh has seen increased direct investment interest from global corporations like TATA of India, Luxon Global of Korea and so on. Things were going fine for the FDI scenario. However any domestic turmoil or disturbances are not a strong reason to impact FDI flows in any country. It has got everything to do with the image of the country abroad. Investors are influenced by the image as projected in international media. An investor sitting in India, Korea, Latin America or Europe watches CNN, reads Newsweek, Financial Times, The Economist or New York Times. Images portrayed there really build the profile, which matters. As I understand the govt has enormous responsibility to protect and uphold the image of the country abroad. The recent bomb attack throughout the country has no doubt shaken the country internally, and internationally our image is also challenged. This must be dealt with caution and firmness. This is a golden opportunity to show our commitment to building a terrorist free regime by uprooting terrorism and sends the right message to the int'l community. Two days of weekend, especially on Saturdays and Sundays and 'stoppage of hartal' (strikes) can also help in this direction. Again the message has to be properly communicated and projected through international media. Apart from that many countries so far has faced

bomb attacks. Compared with other places the severity of Bangladesh bomb attack is lesser. So far no major negative impact on FDI scenario has been observed. I believe it is high time we come out of blame game scenario and work together to build a right profile for the country. The existing multinational companies operating in the country can be used as 'good will ambassador' in this respect.

DS: The recent drastic devaluation of taka against USD has been a major source of concern and has also spurred a lot of debate. As a senior banker please express your views on this.

MR: Perhaps the most debated issue of the recent time is the issue of Dollar crisis in the local market and the resultant devaluation of taka against dollar. The govt is frantically searching ways to curb the taka devaluation and resultant inflation. In my opinion especially the inflation scenario is yet to be alarming which recorded to be over 6 percent in FY2005. In the countries like Pakistan and Sri Lanka inflation is as high as 12 percent and 16 percent respectively. The govt. following IMF suggestion has also adopted contractionary monetary policy to curb inflation and to tighten their grip on the continuously devaluating local currency against USD. This may show some result in the short run but what the Govt. should focus is to look for a long-term solution to our forex reserve problem. We currently have a remittance flow of USD plus minus 3.5 billion, while the market is estimated to be USD 7 billion. It is high time govt focuses on policy measures to increase the inflow of Remittances from Bangladeshi expatriates by giving special incentives. Some encouraging measures can be thought upon for exporters also. As I mentioned earlier by reducing pressure on balance of payments through reducing oil imports and focusing on export growth Taka depreciation can be curtailed. Rather than mourning on setbacks the govt. should focus on growth areas. Bangladesh economy has proved to be stronger than it is appreciated for. It has been proven by the fact that in spite of widespread fear about post MFA impact Bangladeshi exporters fetched USD 1 billion more in the last fiscal than the previous one, which is a tremendous growth. We should build on our strengths.



PHOTO: BENCHMARK

Bryan K Sanderson, group chairman of Standard Chartered PLC, hands over corporate executive pack (CEP) and debit card welcome packs to a customer at the bank's Hotel Sheraton branch in Dhaka Tuesday. Jaspal Bindra, regional general manager (South Asia), and Osman Morad, chief executive officer of Standard Chartered Bangladesh, were also present.

## Ecneec okays 7 projects of Tk 2,935cr

#### UNB, Dhaka

Executive Committee on National Economic Council (Ecneec) on Wednesday approved seven development projects with an outlay of Tk 2,935 crore to gear up the rural infrastructure development and strengthen the power supply network.

Five out of the seven projects will be funded by the government's own resources while Denmark and China will provide Tk 1,157 crore in project aid.

The approved projects are infrastructure development in greater Khulna (revised) costing Tk 115 crore, rural development project in Laxmipur and Feni (revised) involving Tk 122 crore, setting up of Barapukuria 300-MW coal-based power plant (revised) costing Tk 1,660 crore, strengthening the power supply of Palli Bidyut Samities in 67 zones with Tk 724 crore, construction of Jamalpur-Dhanua, Kamalpur-Roumari road (revised) involving Tk 34 crore, construction and development of six roads in CHT (revised) costing Tk 196 crore and construction of Cox's Bazar-Teknaf marine drive (revised) with Tk 84 crore.

Denmark will provide Tk 62 crore for the rural development project in Laxmipur and Feni while China will contribute Tk 1095 crore for setting up of Barapukuria 300-MW coal-based power plant.

The Ecneec meeting was held in Dhaka with Finance Minister M Saifur Rahman in the chair.

It was attended, among others, by LGRD Minister Abdul Mannan Bhuiyan, Communications Minister Barrister Nazmul Huda, Education Minister Dr M Osman Farruk, Industries Minister Matiar Rahman

Nizami, Telecommunications Minister Barrister Aminul Haq and State Minister for Power Iqbal Hasan Mahmud.

After the meeting, Saifur Rahman told reporters that the rural electrification will be made extensive by implementing the power supply projects in the 67 zones.

## SEDF, ERD sign deal to make co registration faster

A project to computerise the office of the Registrar of Joint Stock Companies (RJSC) is being funded and implemented by the SouthAsia Enterprise Development Facility (SEDF), a concern of the International Finance Corporation (IFC).

The SEDF signed an agreement with Economic Relations Division (ERD) on Thursday to fund the three-year project.

The main objective of the project is to speed up the process of company registration as well as make the procedures more transparent, says a press release.

Mohammad Mejbahuddin, joint secretary of ERD of finance ministry, and Marlon Lezama, program manager of SEDF, signed the deal on behalf of their organisations in Dhaka.

Richard Rodgers, deputy high commissioner of the Australian High Commission, among others, was present at the deal signing ceremony.