

Govt to go for faster reforms to get aid

PRSP finalisation, quick implementation of ADP schemes, public procurement law under urgent consideration

UNB, Dhaka

The government plans to expedite reforms in three major areas on priority basis to satisfy foreign donors for the release of committed credits.

Finalisation of the Poverty Reduction Strategy Paper (PRSP), quick implementation of projects under Annual Development Programme (ADP) and enacting a law on public procurement are under urgent consideration.

Finance and Planning Minister M Saifur Rahman in a meeting with Planning Commission members at his secretariat office yesterday reviewed progress in carrying out the reforms and asked his aides to move in high gear.

"We've discussed the progress of the reform programmes and decided to implement them on priority basis," he told media after the meeting.

He indicated that his meeting with donors during the UN Summit in New York and Bank-Fund Annual Meetings

in Washington last month prompted the government to accelerate the reforms.

Saifur said the government will have to transform the Public Procurement Regulation into a Public Procurement Act to get the Development Support Credit (DSC) third phase amounting to US\$200 million.

He said the meeting decided to submit a bill to this effect to the Cabinet soon, which would be brought to the next session of parliament after the Cabinet approval.

"The World Bank will accept the cabinet approval to release the DSC," he said, apprising the newsmen that the existing procurement regulation would require one or two new issues to incorporate.

Enactment of the law is a new precondition that World Bank imposed on Bangladesh to release the chunk of dollars, which the government now badly needs to replenish its coffers of foreign exchange. The country has already met two other preconditions --

reduction on the import of over 3,000 items and fuel-price hike.

After a meeting with IMF mission in Bangladesh on September 8, Saifur had expected that the World Bank will disburse the credits on account of raising the prices of fuel oils and reducing import duties.

He had also indicated that Bangladesh would make do with its own resources unless the arm-twisting foreign funding agencies were satisfied with the measures.

The finance minister, however, turned his eyes to the foreign assistance to run the country's economy. "Do you have money?" he replied to a question whether the country needs the foreign funds tied with too many strings.

At present, the country receives Overseas Development Assistance (ODA) worth 2 percent of the country's GDP. "Do you know how much money it constitutes?" the minister made another shot at the reporters.

Replying to another question, Saifur said the country will not face any major

fund problem in a critical world scenario if the World Bank releases the DSC.

On PRSP finalisation, he asked officials concerned to hold the National Economic Council (NEC) meeting on October 17/18 to finalise the poverty-reduction document. "We'll have to finalise it quickly."

The steering committee on PRSP finalised the draft on August 16.

He said the meeting also decided to take some 10-12 new projects in the Ecneec, tentatively scheduled for October 22/23, so that the projects could be implemented within this year.

Prime Minister Khaleda Zia will have to approve the projects, he added.

The minister said there are some four ongoing projects that will also be revised by the Ecneec on October 25/26 as part of the measures for quick implementation of the development projects.

Air-India enjoys good business in Dhaka

Say officials

STAR BUSINESS REPORT

Air-India, which resumed operations in Bangladesh in June this year, now enjoys a good business, said airline officials.

The airline is carrying 200 to 250 passengers on each flight to its three destinations from Bangladesh -- New Delhi, Kolkata and London, and now plans to raise frequencies to Dhaka by introducing daily flights.

"If we fly daily, we may fly from Chittagong," said AK Mitra, manager of Air-India, Bangladesh, at press briefing in Dhaka yesterday.

The airline now offers a package to fly from Bangladesh to any destination of India with only \$350.

To enhance its activities, the company has undertaken a massive fleet acquisition programme of purchasing 50 more aircraft at an approximate cost of Rs30,000 crore, he said.

StanChart opens 2nd branch at Gulshan

Standard Chartered Bank yesterday opened its second branch at Gulshan in Dhaka, says a press release.

Muhammad A (Rume) Ali, deputy governor of Bangladesh Bank, inaugurated the branch at a function, which was also attended by Osman Morad, chief executive officer, Sajidur Rahman, head of Consumer Banking, and other senior officials of Standard Chartered.

Textile wars spark revival for 'Made in HK'

REUTERS, Hong Kong

Hong Kong is booming as a quota-free garment re-export gateway that bypasses Chinese textile quotas as Beijing haggles over clothing trade with the European Union and the United States.

Garment makers based in Hong Kong but with plants in China are using "outward processing arrangements" (OPA) that allow manufacturers to claim their goods are made in the Special Administrative Region of Hong Kong, provided some work on the goods takes place there.

"Suddenly production in Hong Kong has surged. Suddenly Hong Kong is becoming an exporting country again," said Wing Hin Chung, director of garment manufacturer Hansa Trading Ltd.

Hong Kong's textile and clothing re-exports to the European Union and the United States rose 80 percent and 33 percent respectively from April through July, according to the Hong Kong Trade and Industry Department (TID).

Combined re-exports to the two markets totalled HK\$57.2 billion (US\$7.3 billion) in the second quarter of 2005, up 49 percent from a year earlier and matching total mainland Chinese textiles exports to the United States in the first half of 2005.

The figures may suggest... that Hong Kong is moving towards servicing the textile and clothing trade in the region," Trade and Industry Department (TID) spokeswoman Connie Man said.

OPA status for exported goods requires that their "principal manufacturing processes" be conducted in Hong Kong, a TID document says. Some industrialists question whether all OPA garments are what they claim to be.

"Where is it being produced? Where are all the workers coming from? Where are all the factories coming from?" one small manufacturer raised questions.

Chinese shipments to the United States and the EU surged when a global quota system ended on Jan. 1 this year.

Agrani Bank publishes list of top 35 borrowers

Bid to make activities transparent

REJAUUL KARIM BYRON

Agrani Bank has published a list of its top 35 borrowers, both good and bad ones, with Bangladesh Petroleum Corporation securing the first position, in its annual report for 2004 issued last month.

Syed Abu Naser Bukhtear Ahmed, managing director and chief executive officer of Agrani Bank, told The Daily Star that the move is a part of the bank's endeavour to make its activities more transparent.

Agrani Bank is the first bank in the banking sector that has published the list of its borrowers.

The list of 35 includes borrowers who have taken loans of more than 15 percent of the bank's capital. The bank's outstanding loan in 2004 was Tk 9,592 crore and those 35 borrowed Tk 2,423 crore, which is 25 percent of the total loan. State-owned BPC tops the list with a loan of Tk 478.06 crore and has not paid off any loan of the previous year.

Among the 35 highest borrowers, six were loan defaulters while the bank recovered Tk 290.7 crore from 23 of its major borrowers including a defaulter.

Among the private borrowers, Saad Musa Fabric Ltd tops the list with a loan of Tk 136.75 crore of which it paid off Tk 93.26 crore in 2004.

Dhaka Hyde and Steel Ltd is second

in the private borrower list with a loan of Tk 130.45 crore of which it paid off Tk 33.42 crore.

Prime Composite Mills is the third in the list with a loan of Tk 128.66 crore of which it paid off Tk 10.10 crore in the same year.

Among other major borrowers, Sattar Jute Mills Ltd had a loan of Tk 89.43 crore of which it paid off Tk 9.43 crore.

Givency Spinning Mill Ltd with Tk 86.8 crore loan has paid off Tk 10.09 crore.

Bashundhara Papers Mills Ltd with a loan of 83.21 crore is another major borrower, which paid off Tk 9.20 crore.

Other borrowers are Bashundhara Steel and Industry Ltd (loan amount Tk 24.37 crore), Pioneer Ship Breaker Ltd (Tk 6.27 crore), Steel Enterprise (Tk 8.10 crore), Nitex Industry Ltd (Tk 28.69 crore), Apex Tannery Ltd (Tk 59.05 crore), Meghna Engineering Works Ltd (59.07 crore), N Rahmania Banaspati and Vegetables Ltd (Tk 32.70 crore), National Cement Mills Ltd (Tk 42.10 crore), Bay Tanneries Ltd (Tk 80.54 crore), Orion Laboratories Ltd (Tk 48.62 crore), Orion Infusion (49.30 crore), Bangladesh Service Ltd (Tk 51.01 crore) and Apex Food Ltd (Tk 61.47 crore).

Among these, Bay Tanneries Ltd has repaid a substantial amount of Tk 19 crore and Apex Food Tk 18 crore.

Others have repaid around one to three crore taka.

East West Property Development Private Ltd (loan amount Tk 48.24 crore), Prime Steel Re-rolling Ltd (Tk 3.16 crore) and SDS International Ltd (Tk 83.51 crore) did not pay off any amount last year.

Six defaulter organisations are Dhaka Jute Mills Ltd (loan amount Tk 58.76 crore), Javed Steel Mill Ltd (Tk 39.51 crore), Asif Steel Mill Ltd (Tk 6.64 crore), Vangard Steel Ltd (Tk 26.18 crore), Afroza Oil Ltd (Tk 5.54 crore) and Asif Synthetic Fabrics Ltd (Tk 5.88 crore) of whom only Dhaka Jute Mills repaid Tk 50 lakh last year.

Government-owned organisation Adamjee Jute Mills (now defunct) had a loan of Tk 164.14 crore and Bangladesh Jute Mills Corporation had Tk 168 crore loan. Bank sources said until December 2004 these loans were not classified, but those have become classified now and the bank is trying to recover the loan.

Other government-owned organisations such as Bangladesh Power Development Board had a loan of Tk 3.3 crore, Senakalyan Sangstha Tk 77.9 crore, Bangladesh Steel Re-rolling Mills Tk 48.09 crore. However, Senakalyan Sangstha and Bangladesh Steel Re-rolling have repaid Tk 3.12 crore and Tk 4.11 crore respectively.

Nissan aims to challenge Korea in US market

AFP, Detroit

Japanese automaker Nissan plans to challenge the dominance of South Korean carmakers in the low end of the new-car business in the United States when it begins selling the new subcompact Versa next year.

But it may find the field already crowded by fellow Japanese competitors, Toyota and Honda, which are also moving into the segment.

"Most Japanese manufacturers gained their footholds in North America with fun, economical, high quality, affordable vehicles," Jack Collins, Nissan North America vice president of product development, said Wednesday during a press briefing at Nissan's North American Technical Center in Farmington Hills, Michigan, near Detroit.

"And though it seems like we've spent 40 years trying to move our product lineup away from those humble beginnings, history does have a way of repeating itself," Collins said, adding that more and more American motorists are thinking seriously about moving into a smaller vehicle for the first time in years.

Cars like the Versa will put to the test the two-decades-old adage that Americans don't like hatchbacks, said Lindsay Brooke, an analyst with CSM Worldwide in Farmington Hills.



PHOTO: STAR
Gary Lye, chief executive officer (CEO) of Asia Energy Corporation (Bangladesh), speaks at a press conference in Dhaka yesterday after the company submitted a feasibility study and a plan to develop \$2 billion open-pit coal mine in Phulbari from next year. Brian Mooney, head of Corporate Affairs, and Anwarul Islam, general manager (Environment and Community) of the company, were also present.

Indian economy posts 8.1pc growth in Q1

PALLAB BHATTACHARYA, New Delhi

Spurred by a robust performance of manufacturing and service sector output, India's \$700-billion economy grew by 8.1 percent in April-June quarter this year, the fastest in a year.

The strong performance came despite an unimpressive perfor-

mance of agriculture sector and steep rise in global oil price.

According to official data released by Central Statistical Organization, manufacturing output was up 11.3 percent while services sector grew 9.8 percent and inflation was reined in at less than four percent with interest rates remained stable.

The industry sector, comprising manufacturing, electricity and other utilities, reported an 11.3 percent growth in the first quarter (April-June) of the current financial year against 6.8 percent in the corresponding quarter of last year.

Services sector -- financing, insurance, hotels, communication, trade and community and social services -- had grown 9.5 percent in the same quarter last fiscal.

Agriculture output, which accounts for about a quarter of India's GDP and employs 70 percent of workforce, was two percent in the first quarter of this fiscal year, as compared to 1.8 percent in the previous quarter.

However, economic analysts hoped that agriculture output would pick up in coming months due to good monsoon although parts of the country got lower rainfall.

The government and Reserve Bank of India estimated a seven percent growth for the current fiscal year, slightly up from 6.9 percent growth in the previous financial year.



PHOTO: AIR-INDIA
AK Mitra, manager of Air-India, Bangladesh, and AK Roy, manager (Accounts), are seen at a press conference in Dhaka yesterday.

Indonesian Q4 GDP to be hit by Bali bombings

AFP, Kuala Lumpur

Indonesia's economy will suffer a new blow in the fourth quarter after the Bali bombings, the country's planning minister said Sunday.

National Development Planning Minister Sri Mulyani Indrawati said Saturday's bombings would be a second blow to growth after the government more than doubled fuel prices

over the weekend.

"With this bombing I think the fourth quarter will be double-hit because first we are increasing quite significantly the fuel price that may lead to an increase in inflation, (which) will maybe to some extent reduce the potential growth that we are expecting," Indrawati told reporters on the sidelines of the World Islamic

Economic Forum here.

"With this Bali bomb, I think it will be reduced even more. If we are lucky I think we can still maintain 5.7 or 5.9 by the end of 2005," she said.

The official growth forecast for 2005 is 6.0 percent but Indrawati earlier this month had already predicted growth would slow to 5.8 percent for the year after rising oil prices and interest rates.



PHOTO: BENCHMARK
Muhammad A (Rume) Ali, deputy governor of Bangladesh Bank, inaugurates the second branch of Standard Chartered Bank at Gulshan in Dhaka yesterday. Osman Morad, chief executive officer of StanChart, among others, is seen in the picture.