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Star BUSINESS

DHAKA FRIDAY JUNE 23, 2006 E-mail: business@thelystar.net

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Performance targets set for 3 NCB top brasses

Janata under private management soon

REJAUL KARIM BYRON

A performance target has been set for the managing directors of three state-owned banks under the banking reform initiatives as prescribed by the World Bank and these top officials are to publish financial statements quoting their loss or profit in every three months, said sources in the finance ministry.

The banks chosen for such assignment are Sonali, Janata and Agrani.

About 50 performance targets will be set for these top bank officials in four different phases. As per the conditions, their appointment letters will be revised on the basis of the performance indicators.

A review of existing loan portfolio within four months after appointment of the MDs will be in the performance list, among other issues. The bank top officials will have to prepare a report on all loans exceeding Tk one crore with a target of covering at least two-thirds of the total loan portfolio.

Sources added a provision has also been envisaged in the indicators that said any MD might lose his job in case of his failure in meeting the targets or having any gross negligence or wilful misconduct, including criminal offences, before the expiry of his tenure.

Sources said as per the plan, the MDs will also be asked for bringing down the non-performing loan or bad debt and its operational cost to a certain extent. At present, approximately 22 percent of the total loan disbursed by the nation-

alised commercial banks (NCBs) remained as bad debt whereas it did not cross 6 percent in the case of private commercial banks (PCBs).

The plan includes a directive to the NCBs for maintaining the major financial performance indicators as the PCBs do it. The targets will be prepared in line with this directive and the directors' boards of the three NCBs will approve and send them to the finance ministry for its evaluation.

The MDs will also have to prepare a human resources master plan arranging training for skill development, reallocations, transfers and early retirement. Here the main focus will be on identifying ghost workers and redundant staff.

They plans need to be made as to how those ghost workers and non-performing workers can be removed.

Besides, plans concerning various other aspects of the bank and means as to how they will be implemented will also be a part of the MDs' job.

Three general manager level officials will also be hired from outside to improve performance in certain key areas. The banks have already started procedural activities for appointing those officials. The banks are learnt to have started hiring advisers for their information technology (IT), human resource and audit departments.

Their pay and allowance will be fixed through negotiation, but the ceiling will be Tk two lakh per month.

While talking to The Daily Star a

sitting MD of a nationalised bank has expressed his doubt about such targets, suggesting a full autonomy to the banks concerned in order to achieve the targets.

If the government makes any interference in taking decision on providing credit to any organisation, such a target setting mechanism will not work, he said, citing the example of the government's influence in giving loan to a losing concern like Bangladesh Petroleum Corporation, which still owes to this bank.

Meanwhile, a high official of the finance ministry hinted at providing autonomy for some banks, but he said, "It is uncertain what will happen to the issue in case of any emergency situation in the country."

Among the managing directors of the three banks, the MD of Agrani Bank has been appointed under private management.

The same procedure will be followed in case of Janata Bank after a private management takes over its responsibility. Appointment to the post of MD at Janata Bank is already under process and a list of four names has already been sent to the finance ministry for its approval. The sitting MD, ASM Aminur Rahman is also in the list.

According to the plan, performance of the managing director of Sonali Bank will also be evaluated in every four months. However, there will be no provision of removing him from the job as there is no plan of bringing it under any private management.

While talking to The Daily Star a

Nat'l door fair kicks off

STAR BUSINESS REPORT

In a bid to introduce latest models of doors to the customers, a six-day national door fair started in Dhaka yesterday.

A total of 40 door manufacturing companies, including some foreign ones, are participating in the first ever exposition of its kind in Bangladesh styled "First National Door Fair-2006" at the exhibition centre of Bashundhara City shopping mall.

Participants are showcasing different types of doors made of wood, glass, steel and plastic and a range of door-making materials at 60 stalls at the fair.

Abdul Awal, president of Real Estate & Housing Association of Bangladesh (Rehab), inaugurated the fair organised by Communicare Dot Events, an event management company. Partex Doors and Boards, a local door maker, is the event partner of the show while The Daily Star and private satellite television channel ATN Bangla are the media partners.

Speaking at the inaugural function, the Rehab president said, "As the real estate business is booming day by day in the country, the fair will give developers a chance to get how nice doors are made by our manufacturers."

Developers apart, individuals who want to beautify their houses can also get ideas of new models of doors by visiting the exposition, he said.

A number of companies are now involved in door making business, said a participant.

Anisur Rahman, a visitor to the fair, said as the first impression of a house depends on the design and beauty of its entrance, door is not less importance than any other building materials.

The exhibition will remain open for visitors from 10am to 9pm everyday without any entry fee.

Belgian firm to expand plant in Dhaka EPZ

STAR BUSINESS REPORT

The Belgium owned garment manufacturing company, M/S. Satexco Ltd, is going to expand its manufacturing plant in Dhaka Export Processing Zone (DEPZ), says a press release.

Satexco primarily manufactures protective clothing, bulletproof jackets, canvas tents, PVC and welded articles with an investment of 1.1 million US dollars in the DEPZ.

Some 200 Bangladeshi nationals are currently working for the company, while the expansion will create 300 more jobs.

An agreement to this effect was signed yesterday between Satexco and Bangladesh Export Processing Zone Authority (BEPZA).

BEPZA Member (Investment Promotion) Prasanta Bhushan Barua and Satexco Country Manager Iqbal Hossain signed the agreement on behalf of their organisations.

Among others, BEPZA Executive Chairman Brig General Ashraf Abdulla Yussuf, Member (Finance) Masud Ahmed and Member (Engineering) Abu Reza Khan were present.

Presently there are 194 tanneries in the country, of which 11 units

have been enjoying bonded warehouse facility.

The association had to pay the same duty applicable for tanneries for importing leather chemicals before the budget placed for the 2005-06 fiscal. The chemical importers were used to supply the required chemicals to some tanneries that did not bother to import the item.

Narrating the discriminatory duty structure among segments of the leather sector, Mazzakat Harun Manik, secretary general of the BCIMA, said from the FY 2005-06 the government introduced a flat five percent duty on chemical import for 105 tanneries.

Only the tanneries that have membership of the Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association were entitled to the flat rate duty facilities by that budget.

But the rest of the tanneries as well as the chemical importers have to import the chemicals on a higher rate ranging between 52 and 32 percent that created discrimina-

tion in the three-tier duty structure.

"For the discriminatory duty structure, the production cost of the deprived industries is higher than others who enjoy the flat duty structure. This leads to ruination of these industries", Mizanur Rahman Mezbah, president of the BCIMA told the news conference.

In the past chemical importers were used to supply chemicals to most of the tanneries as these semi size tanneries do not have a capital support to import chemicals from abroad.

"But now we cannot import chemicals under the illogical higher duty structure that is affecting the small and semi size tanneries," he further said.

The association complained that taking the situation to their advantage, a certain quarter of the leather businessmen are misusing the bonded warehouse facility to also causing revenue loss to the government.

Sources said the NBR lost nearly Tk 100 crore last year for the discriminatory tariff policy.

Two web-based market-analysing tools launched

STAR BUSINESS REPORT

Two web-based market-analysing tools styled 'Trade Map' and 'Product Map' were officially launched in Bangladesh yesterday in a bid to help local exporters to provide with information of different aspects of international trade.

Developed by International Trade Center UNCTAD/WTO (ITC), a United Nations technical cooperation agency for trade development, headquartered in Geneva, the databases will provide information such as international trade data, export trends, international supply and demand.

Commerce Minister Hafizuddin Ahmed formally inaugurated the databases, jointly launched by German Development Cooperation (GTZ) and Export Promotion Bureau in Dhaka.

Commerce Secretary Abdul Karim, German Ambassador to Bangladesh Frank Meyke, EPB Director General Mustafa Mohiuddin also spoke at the inaugural ceremony, among the UNCTAD/WTO (ITC) representatives.

The Trade Map, available in Internet through www.trademap.org, contains information on trade flows in goods and services and tariff measures. The website also covers five-year trade flows of over 220 countries, 41 country groups and 5,300 products representing 95 percent of the world trade.

Available in Internet at www.p-maps.org, Product Map provides information to exporters and export developing agencies that help them to look deeper into international market trend and design better export strategy.

Though the databases are accessible on a subscription basis through a password protected, the catalogues are available to enterprises and trade support institutions in Bangladesh through the EPB, as GTZ has provided support to the EPB to obtain the licensing rights to these ITC products.

At the opening speech, Commerce Minister said that as Bangladesh is working hard to diversify both export items and destinations these websites will help much in getting related information.

He expressed his hope that the users in Bangladesh would now be able to join a growing network of countries including Sri Lanka, Pakistan, Oman, Chile, Kenya, Brazil, the United Arab Emirates, Guatemala and South Africa.

India to import wheat, sugar

AFP, New Delhi

India has halted the export of lentils and allowed private companies to import wheat and sugar to offset a steep rise in food prices, the finance minister said Thursday.

"Wheat, sugar and (lentils) are driving price hike," Finance Minister Palanappan Chidambaram told reporters after a cabinet meeting in New Delhi.

"These three articles are showing a rising trend; therefore, the decision has been taken to augment the supply side. We are confident, that with these decisions, inflationary expectations will be damped," Chidambaram said.



Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA) signed a memorandum of understanding (MoU) with sixteen garment workers' associations in Dhaka yesterday. As per the MoU, the workers' bodies have agreed to call off all their agitation programmes announced on Sunday. (Story on back page)

Make uniform duty structure to save leather sector

Chemical merchants urge govt

STAR BUSINESS REPORT

A three-tier duty structure and abuse of bonded warehouse facilities for importing leather chemicals are affecting the country's leather sector badly, observed Bangladesh Chemical Importers and Merchant Association (BCIMA) yesterday.

At a post budget press conference in Dhaka the BCIMA leaders urged the government to create a uniform duty structure and stop warehouse manipulation to save the potential foreign exchange earning sector.

They said the sector requires nearly 150 types of chemicals, imported entirely for processing leather.

Import of these chemicals cost US \$ 57.56 million, which is about twenty percent of the amount fetched from leather export, in the 2004-05 fiscal. The sector earned \$ 287.79 million during the same period.

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Sources said the NBR lost nearly Tk 100 crore last year for the discriminatory tariff policy.

IEA stresses clean tech to halve world energy consumption

AFP, Paris

Oil and electricity consumption across the world could easily be cut by half, with major benefits for the environment, if clean energy technologies that are currently available were applied, an international watchdog said here Thursday.

"A sustainable energy future is possible, but only if we act urgently and decisively to promote, develop and deploy a full mix of energy technologies... We have the means, now we need the will," said Claude Mandil, executive

director of the International Energy Agency (IEA).

He was presenting an IEA report written in response to a call last year from G8 leaders who asked the agency to develop and advise on alternative scenarios and strategies for a clean, clever and competitive energy future.

The IEA report was published ahead of next month's Saint Petersburg summit of the G8 group of the world's leading industrial nations, which is expected to focus largely on energy questions.

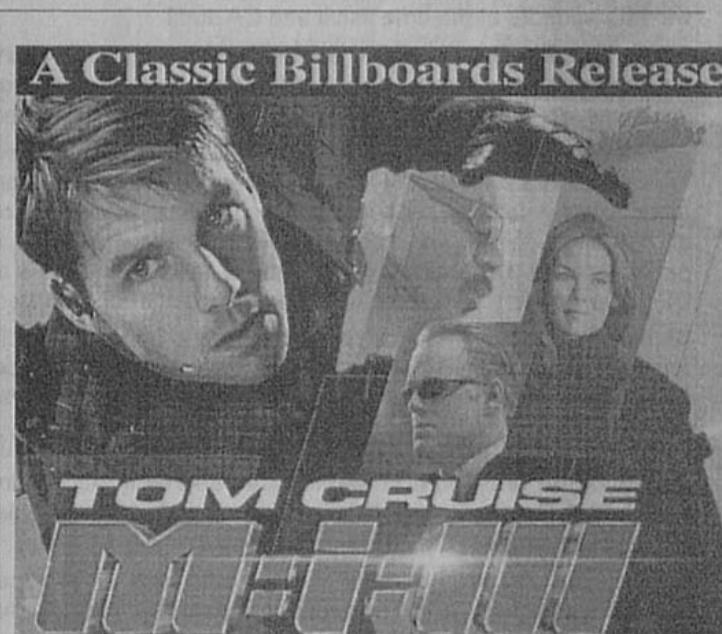
The mix of technologies the IEA advocated included improved

energy efficiency, carbon dioxide capture and storage, renewables and --where acceptable-- nuclear energy, said Mandil.

The report said record high oil prices raised concerns about the long-term balance of supply and demand. Carbon dioxide (CO2) emissions have increased by more than 20 percent over the last decade, it noted.

If the future is in line with present trends, CO2 emissions and oil demand will continue to grow rapidly over the next 25 years. Extending this outlook beyond 2030 shows that these worrisome trends are likely to get worse, said the IEA report.

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