

BB makes credit rating mandatory for banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked all commercial banks to make public their evaluation reports on financial situation through credit rating agencies from January 2007.

The central bank sources said such reports will help people in taking decision on which bank they choose for investment and deposit.

Chief executive officer of a private bank said many commercial banks are now engaged in risky business causing their financial position weak. The rating system will bring about transparency in the

financial position of a bank, he added.

The regulatory bank circular suggested that all commercial banks should complete their credit rating by June 30, 2007 and apart from it these banks should continue the rating every year.

It said the rating should be updated from year to year, within six months from the closing date of very financial year.

The circular said the rating report should be submitted to the Bangladesh Bank and made public within a month of the notification of rating by the credit rating agency.

The BB asked the commercial banks to inform about their credit rating in the banks' annual and half-yearly financial statement publications.

"Non-compliance with these instructions shall render the banks and official(s) concerned liable to action under the relevant provisions of the Banking Companies Act, 1991," it said.

On May 29, 2004, the credit rating was made mandatory only for the banks intended to raise capital from the capital market through initial public offerings (IPOs).

Delhi for urgent meet of Safta Ministerial Council

PALLAB BHATTACHARYA, New Delhi

India has approached the Saarc Secretariat against Pakistan's decision to trade only a limited number of products with the country under the South Asian Free Trade Area and sought an urgent meeting of Safta Ministerial Council to resolve the issue.

Commerce Minister Kamal Nath has written to Saarc Secretary General Chenkyab Dorji, saying Pakistan's reluctance to conduct trade with India on all items except those on the sensitive list went 'against the letter and spirit of Safta agreement'.

"India is deeply disappointed about Pakistan's decision. Pakistan has to live up to our expectations," Minister of State for Commerce Jairam Ramesh told reporters here.

Although, Safta came into operation on January 1 this year, the Tariff Liberalisation Programme started only on July 1. All member countries conduct trade with each other on all items except those on negative list of items on which duties are not reduced.

Pakistan, however, has decided to trade with India on the basis of a list of 773 items under a positive list and has refused to accord Most Favoured Nation status to India.

In his letter to Dorji, Nath said India was of the view that Pakistan's decision was against the letter and spirit of the Safta agreement. "I am sure you would agree with me that Safta has little meaning if Pakistan does not apply Safta to all the items except those tariff lines in the sensitive list to all member countries," Nath said in the letter.

Pakistan's decision is likely to have "serious impact" on the implementation of Safta pact, Nath said, adding "we request you to convene the Safta Ministerial Council Meeting urgently for consideration of this important matter".

Ramesh said under the pact all member countries -- India, Pakistan, Bhutan, Nepal, Bangladesh, Sri Lanka and Maldives -- were mandated to keep only negative lists and remove movement restrictions on all other items.

Safta does not have a dispute settlement mechanism, unlike some other trade pacts and the WTO, Ramesh said, adding India would have to utilise the available mechanism to draw attention to the non-fulfillment of a basic obligation under the crucial agreement.

Teletalk unveils new pre-paid package

STAR BUSINESS REPORT

State-owned mobile phone operator Teletalk Bangladesh Ltd yesterday announced the launch of a new pre-paid package, especially to reach telecommunications services to the rural people at a discounted rate.

Connections under the new package styled 'Padma', which targets one lakh people, will be available from Sunday, said Teletalk officials at a press conference in Dhaka.

The package is open for all but subscribers outside Dhaka and Chittagong metropolitan, Narayanganj and Gazipur areas will enjoy the discount privilege.

Each connection will cost Tk 1200 including Tk 800 value added tax (VAT) and offer Tk 300 free talk time.

"The charge will be double for the users in Dhaka and Chittagong metropolitan, Narayanganj and Gazipur areas," said General Manager (Marketing Development) Golam Fakhruddin A Chowdhury. Managing Director of the company Mohammad Obaidullah was also present.

Dhaka Phone starts journey

OUR CORRESPONDENT, Ctg

Dhaka Telephone Company Limited (DTCL) yesterday launched a new land phone service, Dhaka Phone, here.

Kamal Uddin Siddique, principal secretary to the prime minister, formally inaugurated the service at a function at Hotel Agrabad.

DTCL Chairman ATM Hayatuzzaman Khan said initially Chittagong city, Sylhet city and some districts of Dhaka division will have Dhaka Phone network coverage.



Officials of Bangladesh Rural Advancement Committee (Brac), Citigroup Bangladesh, the FMO and KfW Bangladesh pose for photographs at an agreement signing ceremony yesterday in Dhaka. Under the deal, Brac has launched the world's first micro-credit securitisation.

Brac reaches accord for Tk 12.6b micro-credit securitisation

STAR BUSINESS REPORT

Brac, a leading non-governmental organisation (NGO), yesterday signed an agreement with three financial institutions to launch the world's first micro-credit securitisation.

Under the initiative titled Brac Micro Credit Securitisation Series 1, a Tk 12.6 billion (US\$ 180 million) fund will be provided for the organisation for over a period of six years to facilitate micro-finance.

Fazle Hasan Abed, chairperson of Bangladesh Rural Advancement Committee (Brac), Mamun Rashid, Citigroup country officer, Bangladesh, Arthur Arnold, chief executive officer of FMO, and Martin Raschem, principal country manager of KfW, Bangladesh, signed the agreement as principal signatories on behalf of their organisations.

As per the securitisation series 1 programme, Tk 1 billion will be disbursed in every six months to the Brac with a maturity of one year.

The transaction is a securitisation of receivables arising from Brac micro-credits extended to the low income individuals in rural communities not reached by commercial banks. The structure involves creation of a special purpose trust, which purchases the receivables from Brac and issues certificates to investors representing beneficial

interests in such receivables.

The securitisation will allow the organisation to diversify its funding sources, reduce its on-balance assets and also disburse more funds to a larger portion of micro entrepreneurs, reinforcing its determination in helping development of the micro-credit sector.

The transaction will also help develop the local capital market.

RSA Capital is the lead arranger and Citibank NA, Bangladesh, FMO (Netherlands), and KfW (Germany) are the co-lead arrangers. FMO will directly purchase one-third of the certificates. Citibank NA will purchase another one-third of the certificates, backed by a guarantee of FMO and counter guarantee of KfW. Apart from this, Citibank NA, Bangladesh, with two other local banks will purchase the remaining one-third of the certificates.

Brac is the originator as well as the service provider for the transaction while Eastern Bank Limited of Bangladesh is the trustee and Citibank NA, Bangladesh is account bank for the trust. The transaction required creation of a software to track a dynamic pool of receivables, which was created by MF Analytics.

Termining the agreement significant and indicative of a future direction for financing the Brac programmes in Bangladesh and

elsewhere in the world, Brac Chairperson Fazle Hasan Abed said, "By bringing resources of the global financial markets to the doorsteps of nearly 1.2 million households in Bangladesh, this transaction underlines our commitment to be the leading provider of innovative financing solutions to micro entrepreneurs."

He said this is a landmark for the micro-finance industry as one of the largest-ever financial efforts dedicated to advancing poverty-focused micro-credit.

Robert Annibale, global director of micro-finance of Citigroup, said recognising the needs that micro-finance can fulfil and opportunities that it can present, Citigroup being the world's leading financial services provider is working with leading micro-finance institutions and investors as partners and clients to develop products and services to significantly expand access to financial services, including savings, credit, insurance and remittances, in many countries.

Replying to a query, the Brac chairperson said in spite of a high interest rate, it is more important to create opportunity to the poor for having easy access to money.

Since 1972, Brac has been working with the twin objectives of alleviating poverty and empowering the poor.

India, China reopen Silk Road

AFP, Nathu La Pass, India

India and China Thursday reopened a famed Silk Road pass in the Himalayas, allowing the first direct border trade between the Asian giants since their brutal frontier war 44 years ago.

Merchants were presented on each side with silk scarves symbolising respect and were greeted with music and folk dancing after crossing the border through a stone-walled passageway that has replaced the barbed wire that had kept them apart since 1962.

Officials said about 100 traders from each country had crossed the 15,000-feet (4,545-metre) Nathu La Pass, on the border between India's Sikkim state and China's Tibet region to markets on the other side and were expected to return by evening.

Int'l confce of company secretaries tomorrow

An international conference of company secretaries on 'Corporate Management: Global Practice' will be held tomorrow at Dhaka Sheraton Hotel.

Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) will organise the conference, which is expected to be inaugurated by Law Minister Moudud Ahmed at 9am, says a press release.

Faruq Ahmad Siddiqi, chairman of Securities and Exchange Commission (SEC), HM Chhoraria, president of International Federation of Company Secretaries, and Syed Manzur Elahi, chairman of Bangladesh Association of Banks, will be present at the conference, which will be presided over by Mohd Sanaulah, ICSMB president.

Delegates from India, Pakistan, Kenya and Sri Lanka will also attend the meeting.



Mohammad Obaidullah, managing director of state-owned cellphone operator Teletalk Bangladesh Ltd, speaks at a press conference in Dhaka yesterday to announce the launch of a new package of the company.

Bring freight forwarding business under licensing system in line with old SRO

Demand freight forwarders, air cargo agents

STAFF CORRESPONDENT, Ctg

Two bodies of freight forwarders and air cargo agents Wednesday demanded immediate implementation of the statutory regulatory order (SRO) issued by the country's revenue board in 2000 in order to bring freight forwarding business under a licensing system.

International Freight Forwarders Association of Bangladesh (Iffab) and Air Cargo Agents of Bangladesh (Acab) voiced this demand at a press conference organised at a hotel in the port city.

The leaders of the two associations came down heavily on the NBR for its move to implement a new SRO what they said contrary to the interests of the business.

They alleged the new SRO, introduced and gazetted on June 7, 2006, is a clear violation of a High Court order that ordered the revenue board to complete the licensing process for the freight forwarders within a span of two months.

They said the new SRO will create a scope for the black money holders to involve in the business to serve the purpose of a vested group.

In absence of a licensing system, which makes the Iffab and Acab membership mandatory, some dishonest and so-called freight forwarders are used to charge the importers and exporters very high and thus siphon their illegal money

from the country, they claimed, demanding an investigation into all such ill practices to identify the so-called freight forwarders and bring them to justice.

They also demanded immediate formation of the licensing board in line with the old SRO, which was gazetted with a few amendments in 2001 after its issuance on July 25, 2000, to streamline the freight forwarding business.

They lamented that the revenue board is yet to proceed further with regard to such a licensing board, although they have already sent some names for representation in the board.

They, however, mentioned about the initiatives of BGMEA and Chittagong chamber to resolve the issue in 2003 when it was decided that all the freight forwarders must obtain membership from Iffab and Acab by November 15, 2003 and licenses by December 15 in the same year.

At this time the commerce ministry also issued a circular fixing the rate of NOC (No Objection Certificate, which any consignee is required to obtain from the FFs for taking delivery of imported goods) at Tk 1250, which was re-fixed at Tk 2500 in June 2004.

Over 300 members of both the Iffab and Acab applied for license, but the issue remained pending, the press meet was also told.

As per the new SRO, they

resented, one will have to pay a non-refundable amount of Tk 1 lakh only to apply for license while under the same Customs Act of 1969 (under which the license for the freight forwarders would be issued) a C&F agent or a shipping agent has to pay only Tk 600 for getting a license.

When the C&F agents and shipping agents have to pay only Tk 600 for renewal of each license, a freight forwarder under the new SRO will have to pay Tk 50 thousand for the same renewal, they said, terming it quite discriminatory.

They further resented that under the new SRO, the amount of guarantee money for a local freight forwarding agent has been fixed at Tk 15 lakh, US\$ 10 lakh for foreign firm and US\$ 5 lakh for a joint venture for running the freight forwarding business in the country while C&F agents or shipping agents were giving bank guarantee of only Tk 40 thousand per head under the same Customs Act of 1969.

Iffab President Amirul Islam Chowdhury Mizan read out the written statement at the conference where General Secretary Amiya Shankar Barman, executive members Mobashwer Ahmed Hashmi, Sazzad Ullah, Khairul Alam Sujan, Sahed Sarwar, Mozammel Haq Chowdhury, Mostaq Ahmed, Badrul Haq Chowdhury, Obayedul Haq and Akhter Kamal Chowdhury also spoke, among others.



Kamal Uddin Siddique, principal secretary to the prime minister, inaugurates the services of a new land phone company in Chittagong yesterday. ATM Hayatuzzaman Khan, chairman of Dhaka Telephone, the new company, among others, was present at the inauguration.