Star BUSINESS

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NCBs' capital shortfall reaches Tk7498cr

BB for strengthening management tactics

STAR BUSINESS REPORT

Despite huge reform measures to strengthen the banks' financial health, the capital shortfall of four nationalised commercial banks (NCBs) continues as usual and has reached Tk7498crore in June 2006.

According to the Bangladesh Bank (BB), the capital shortfall of Sonali Bank stood at Tk3397crore, Janata Bank Tk1122crore, Agrani Bank Tk2249crore and Rupali Bank Tk730crore in June last year.

The BB recently revised the shortfall of four NCBs and asked them to strengthen management tactics so that it can come out of the trend of year-by-year capital shortfall.

The central bank identified lack of long-term capital management plan as the reason for the huge shortfall in both the Sonali and Rupali Bank.

As per the BB, considering all indicators, the rating of capital adequacy of Sonali and Rupali Bank stands at number five which means 'unsatisfactory'.

The capital management problem is similar in both the Janata and Agrani, according to the BB, which identified the two nationalised banks as 'marginal'. The capital adequacy rating of the two is number four.

The central bank sources said the NCBs are yet to respond positively to the BB advice for reducing the figure of year-end capital shortfall.

And that's why in a recent move the BB sought the finance ministry support in checking such a shortfall, the sources added.

Meanwhile, the NCBs said it is not possible to reduce the capital shortfall through the earnings of the banks, because the recovery rate of the default loans is not satisfactory by which the banks can lower the shortfall.

Some high officials of these banks explained that the nationalised banks have to provide loans to the government's priority sector, which pushed to huge default loans.

Sometimes they are compelled to provide loans in political consideration, they said, adding that any initiative to recover such loans is hampered due to political pressure.

These bank officials also sought government support for reaching a solution to the capital shortfall problem.

On the other hand, sources in the finance ministry said the handover of Rupali, among the four banks, to the private sector is imminent, so the new management of this bank would shoulder the responsibility of addressing the problem.

The sources also hinted at corporatisation of the remaining three. If such a plan is implemented, the responsibility of mitigating the capital shortfall lies with the corporatised management, they added.

Ctg chamber's recommendations to CG for smooth business activities

STAFF CORRESPONDENT, Ctg

Chittagong Chamber of Commerce and Industry (CCCI) yesterday made an eight-point recommendation to the chief adviser to the caretaker government (CG) for smooth business activities in the country.

Chamber President Saifuzzaman Chowdhury in a fax message sent the recommendations to Dr Fakhruddin Ahmed.

The CCCI recommendations include taking immediate decision about the pending foreign investments, bringing order in power sector and privatising the under construction New Mooring Container Terminal.

The chamber also urged the CG to hand over the management of Chittagong Shah Amanat International Airport to a private firm immediately and make the Anti Corruption Commission a truly free and strong organisation.

The CCCI president sought CG's intervention in strengthening different government departments in Chittagong and punitive actions against the corrupt and dishonest officials to make a congenial business atmosphere in the country.

'Made in Asia' clothes make further inroads into Europe

AFP, Lille, France

European clothing firms are ditching their local suppliers and are opting more and more for cheaper imports from Asia, especially China, according to a French study released on Friday.

Around 75 percent of clothes bought by the firms come from outside the European Union, with 64 percent from Asia and 36 percent from China alone, the study from the Lille-based French Fashion Institute (IFM) said.

Evelyne Chaballier, one of the report's authors, said that after import tariffs were scrapped on clothes from Asia in 2005 there was an initial spike in the amount of textiles sourced there.

This "slide towards Asia" has continued ever since and is set to last on into 2008, Chaballier said.

The 48 distributors, manufacturers and labels in Europe surveyed by IFM expected their imports from Asia, eastern Europe and north Africa to grow over the next three years, while those from their own countries and the rest of Europe will fall.

Insurance firms face 7b euro bill from winter storm

AFP, Frankfurt

The deadly winter storm that lashed much of northern Europe last week will cost the insurance industry between five and seven billion euros, Germany's Munich Re said Friday.

The company, the world's second-largest reinsurer, said in a statement that it alone would face a pre-tax burden of up to 600 million euros (775 million dollars).

It said Germany faced the biggest damage claims but that European neighbors had also been hit hard.

Swiss Re estimated earlier Friday that the storm, known in some countries as Kyrill, would cost the insurance industry up to 3.5 billion euros.

Storm-related accidents caused the deaths of at least 47 people across Europe since last week, including 13 people in Britain, which suffered its worst storm in 17 years, with winds reaching 160 kilometers (100 miles) per hour.

Eleven people were killed in Germany, seven in the Netherlands, six in Poland, four in the Czech Republic, three in France, two in Belgium and one in Ukraine.

The storm caused several hundreds of millions of euros of damage and left more than two million homes without electricity.

Citigroup Foundation to grant $3.2m to WFP

Citigroup has announced that its Foundation would grant the World Food Programme (WFP) $3.2 million over two years to increase the agency's capability to assess food security in crisis-prone countries ahead of disaster, says a press release.

Citigroup Corporate and Investment Banking and the UN WFP on Thursday announced the launch of the WFP Emergency Network, a partnership between the private sector and WFP, the world's largest humanitarian organisation and the United Nation's logistics coordinator.

"In times of disaster -- whether it's a tsunami, or an earthquake, or a hurricane -- the private sector provides aid because it's the right thing to do," said Michael Klein, co-president of Citigroup Corporate and Investment Banking.

"We are delighted," Klein said, "to help WFP enhance its ability to prepare for disaster through a grant from the Citigroup Foundation. The grant will fund a strategic WFP initiative styled SENAC (Strengthening Emergency Needs Assessment Capacity)."

"As the rate of emergencies increases, the WFP is faced with an unprecedented challenge of developing a faster and more efficient response to potential crises worldwide," said Amer Daoudi, associate director of the Operations and Transport Division at WFP Headquarters in Rome. "Thanks to Citigroup and the launch of the Emergency Network."

ROK replaces China as largest foreign investor in Cambodia

XINHUA, Phnom Penh

South Korea replaced China as the largest foreign investor in Cambodia in 2006 with its investment reaching one billion US dollars compared with 717 million US dollars from China, local media said Saturday.

South Korea's major project was the World City satellite town on Phnom Penh's Pong Peav Lake, while China had 28 projects, down from 40 in 2005, the Cambodian Daily quoted the Cambodian Investment Board as saying.

Following were Russia with 278 million US dollars, Thailand with almost 100 million US dollars and the United States with 62 million US dollars, it said.

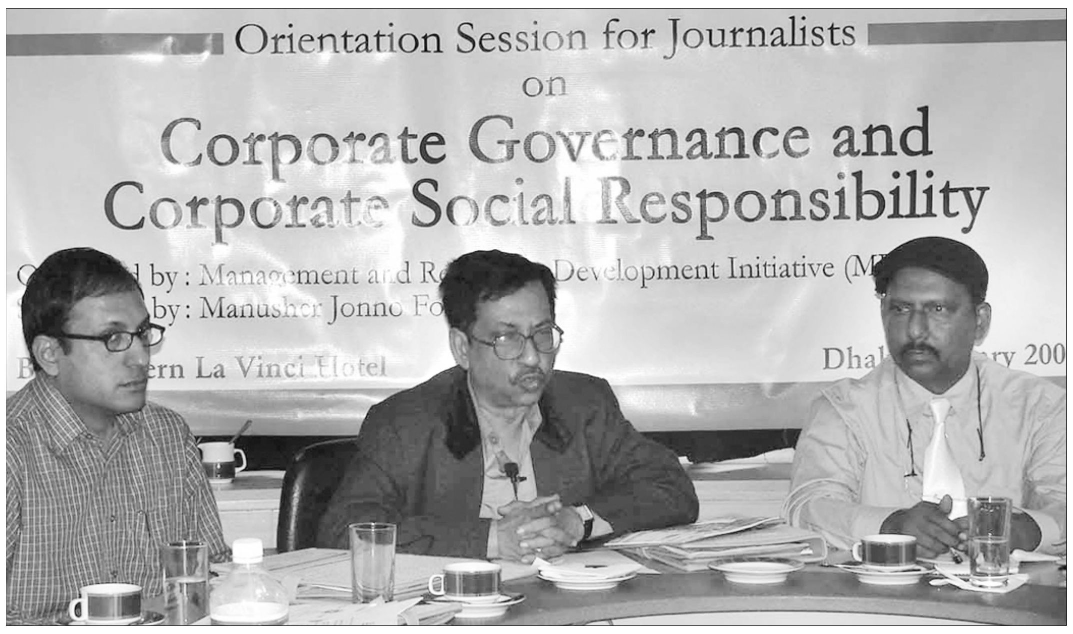

PHOTO: MRDI

Moazzem Hossain (centre), editor of The Financial Express, speaks at an orientation session for journalists on corporate governance and corporate social responsibility in Dhaka yesterday. Hasibur Rahman, executive director (left) of MRDI, and Yawer Sayeed, managing director and CEO of AIMS of Bangladesh, are also seen.

CORPORATE GOVERNANCE

Media can help create enabling environment

Say speakers

Speakers at a function yesterday said media can play a catalytic role for creating an enabling environment for better corporate governance and corporate social responsibility, says a press release.

Resource persons at an orientation session for journalists also said media should play the role of watchdog and facilitator for the corporate sector.

The orientation session on corporate governance and corporate social responsibility was held in Dhaka. Management and Resources Development Initiative (MRDI) organised the programme, supported by Manusher Jonno Foundation, under a project titled 'Bridging Corporate Sector and Media in Promoting Good Governance (BCSMPGG).'

Moazzem Hossain, editor of The Financial Express, said the media must maintain objectivity while reporting on corporate issues.

Moazzem also said if the corporate houses contribute to education and health sectors the overall business environment will improve.

Yawer Sayeed, managing director and CEO of AIMS of Bangladesh Ltd, also spoke. Hasibur Rahman, executive director of MRDI, and Farzana Naim, director (governance) of Manusher Jonno Foundation, were also present.

PROMOTION

NCB officials seek finance ministry's intervention

STAR BUSINESS REPORT

A section of nationalised commercial bank officials, aggrieved for being denied promotion to the posts of general manager despite having all qualities during the immediate past four-party alliance government, have sought the finance ministry's intervention to resolve their problems.

In a recent move, 11 officials among the 24 deprived officials have appealed to the finance adviser to do the needful as per the promotion committee's recommendations.

According to the sources in the banking sector, these officials, who among 183 of nationalised banks and financial institutions faced interviews in 2003, were recommended for promotion by a four-member body headed by the then Bangladesh Bank governor, Dr Fakhruddin Ahmed, but the Prime Minister's Office (PMO) did not give any go-ahead to the promotion of these officials. They were among the 65 selected for elevating to the posts of general manager.

The PMO at that time, however, chose only 41 officials from the merit list prepared by the finance ministry committee. The rest 24 officials' promotions were then postponed on the plea that more enquiries were needed before finalisation of their cases.

The deprived officials including Tapan Kumar Ghos, Mustak Ahmed, Shaheda Begum, Abu Ahmed Jafar Iqbal and Abul Bashar Akand of Sonali Bank, Nur Mohammad of Janata Bank, Jebun Nahar of Agrani Bank, Abul Hasnat and Rafizuddin of Rupali Bank, Lehasuddin of Krishi Bank and Dr Provash Chandra Roy of Rajshahi Krishi Unnayan Bank individually submitted their appeal to the adviser in charge of the finance and planning ministry.

The other deprived officials have either gone to retirement or joined some private banks after a long waiting for necessary action for their promotions.

Although the government took another initiative in 2005 to promote some officials, the list of the deprived officials had not been looked into, some of the aggrieved officials lamented.

"Recently, the caretaker government (CG) has already promoted 361 officials of the public administration," said an official, adding that they have appealed to the CG considering its neutral character.

Banglalink subscribers grow 253pc in 2006

Cellphone operator Banglalink's subscriber base grew by a hefty 253 percent in 2006 while the overall industry rose by almost 135 percent during the period, says a press release.

Banglalink, which entered Bangladesh telecoms market in February 2005, has attributed the whopping growth to attractive products and services, improvement in network quality, dedicated customer care, and effective communications.

Commenting on Banglalink's phenomenal growth, Rashid Khan, the CEO, said, "In less than two years Banglalink has established itself as a reliable, innovative and customer focused mobile operator. It is fully geared and committed to maintaining the same momentum and growth in 2007."

2006 was marked by a number of exciting initiatives from Banglalink, including 'desh' which has become one of the most popular packages, the release said.

The package, 'desh', offers Tk 1.96 per minute call charge from Banglalink to any other operators, anytime.

Banglalink also re-launched its 'ladies, first!' package, designed for women.

Targeting the corporate and SME segments, the cellphone operator also launched 'Banglalink enterprise' with features such as GPRS, corporate SMS broadcast, and dedicated customer relationship management. The package also offers customised telecoms solutions for businesses as per their requirements.

Banglalink focused heavily on enhancing service and quality in 2006 by spending on improving network quality, including indoor coverage and customer service, the release added.

At the end of 2006, there were 6 customer care centres and 63 Banglalink points across the country providing full range of sales and customer care services.

Banglalink's advertising quality also reached milestone. The corporate TV commercial, 'din bodol' based on the theme "making a difference in people's lives", has been nominated for "the best mobile advertising" of the year at the 2007 GSMA Award in Barcelona, Spain.

Banglalink also continued to play an active role in the area of corporate social responsibility in 2006. The cellphone operator contributed to an important tiger conservation project in the Sundarbans and sea beach-cleaning programme in Cox's Bazar, added the release.

Thai economic growth forecast lowered for '07

XINHUA, Bangkok

The Bank of Thailand has cut its 2007 Thailand's economic growth forecast to between 4-5 per cent from a range of 4.5 - 5.5 per cent, the Thai News Agency reported Saturday.

Assistant Central Bank Governor Suchada Kirakul was quoted as saying that the lower growth rate is due to the contraction in private consumption and investment, especially in the first quarter of this year.

China mulls new property, fuel tax

AFP, Beijing

China is considering a new property tax to cool over-investment in real estate and a fuel levy to reduce oil consumption, the government said.

According to the State Administration of Taxation's 2007 working guidelines posted on its website, the new tax will be levied when buying or selling properties although it did not give details on how it will be enforced.

China has worked hard to cool the sizzling property market, hoping to prevent a potentially devastating speculative bubble with a series of measures.

It has increased the down-payment for large new apartments to 30 percent of the unit price from 20 percent and has imposed a transaction tax on owners who resell their units within five years of purchase, up from two years before.

But the property sector remains hot especially in pockets of prosperity and speculation in big cities like Beijing and Shanghai and along the east coast.

The state tax administration's guidelines for next year also suggested the introduction of a fuel tax.

Officials have long argued that China should introduce a fuel levy and set up an energy-saving fund to help it reduce its wasteful consumption of oil.

China is the second-largest oil importer in the world after the United States and its need for fuel resources has jumped sharply as its economy booms.