

Star BUSINESS

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Foreign banks grab 21pc of banking profit in '06

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With only 0.63 percent market share in terms of branches, foreign banks operating in Bangladesh grabbed 21 percent or Tk1180 crore of the total banking sector profits of Tk5623 crore in 2006.

The local banks with 99.37 percent market share made the rest 79 percent profits. Among the local banks, performance of the nationalised commercial banks (NCBs) in earning profit was comparatively poor.

Sources said high service charges, spread on interest rates for deposit and credit, and low classified loans help the nine foreign banks earn huge profits every year.

The spread is the difference between the interest rates fixed for deposit and credit.

According to Bangladesh Bank statistics, the total operating profit of 48 local and foreign commercial and specialised banks stood at Tk5623 crore last year. The profit of four NCBs was 19 percent or Tk1107 crore, while the profit was Tk3291 crore or 58 percent for 30 private commercial banks (PCBs) and 0.76 percent or Tk43 crore for the specialised banks.

All types of banks are performing their financial activities through 6412 branches across the country. Among these branches, the market share of foreign banks was only 0.63 percent, while the NCBs' share was 51 percent, PCBs' 26 percent and that of specialised banks was 21 percent in 2006.

The total deposit of all the banks was Tk1,86,063 crore last year. In terms of deposit, the foreign banks' share was 8 percent, NCBs' 35 percent, PCBs' 51 percent and specialised banks 8 percent.

In 2006, the total credit of all the banks stood at Tk1,54,364 crore. Of the amount, foreign banks disbursed 6 percent loan, NCBs 34 percent, PCBs 52 percent and specialised banks 8 percent.

The statistics showed that the profit share of NCBs was comparatively low, although they have majority market share in terms of deposit, credit and operational network.

Although the main source of the banks' profit is interest, the NCBs failed to get expected income against huge loan disbursement due to default loans. As a result, they had to keep their interest against bad loans under suspension.

Such an amount with all the

banks stood at Tk4619 crore last year against their bad loans.

The NCBs' interest suspense was Tk3154 crore, PCBs' Tk717 crore, specialised banks' Tk712 crore and that of foreign banks was Tk35 crore in 2006.

The foreign banks grabbed considerable profit due to their huge interest rate spread between deposit and credit.

The interest rate spread of foreign banks was 8.12 percent, while the NCBs' 5.36 percent, PCBs' 5.45 percent and that of specialised banks was 3.25 percent in 2006.

Private bank sources said foreign banks earn huge profit as they charge more interest rate to their borrowers than the interest rate they offer to their depositors.

There is a huge difference between local and foreign banks in the case of taking service charges and commission. For example, an NCB usually charges Tk250 for opening an LC (letter of credit), while a foreign bank charges Tk3200.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on Monday took the issue to Energy Adviser Tapan Chowdhury.

ASIAN HIGHWAY FEASIBILITY

Escap team to visit Benapole tomorrow

OUR CORRESPONDENT, Benapole

A team of UN-Escap will be visiting Benapole, the largest land port of the country, tomorrow to study the feasibility of Bangladesh Asian Highway.

The team comprising Nepalese Economic Affairs Officer Madan B Regmie and Japanese Un-Escap Consultant Hikaroo Nisimooro was scheduled to arrive in Dhaka yesterday.

The team is supposed to meet the high officials of Communication Ministry and Roads and Highways Department prior to their visit to Benapole.

Roads of Norail, Jessore, Banapole and Bhatipara would be surveyed to make a feasibility report for the Bangladesh Asian highway.

Sources said this new route would help lessen the distance from Dhaka to Benapole by 100 kilometres.

Beximco Pharma starts drug exports to Ghana

Beximco Pharmaceuticals Ltd, a leading pharmaceutical company, has started drug exports to Western African country Ghana, says a press release.

The first consignment of medicines included five products.

The medicines will be distributed and marketed by a renowned pharmaceutical distributor in Ghana. There are also several other products of Beximco Pharma, which are expected to receive marketing authorisation from Food and Drug's Board of Ghana soon.

Beximco Pharma Chief Executive Officer Nazmul Hassan said, "Africa is an emerging market with a potential to be the prime growth driver of global generic pharmaceutical market."

EU industry chief urges transparency in China

AFP, Beijing

EU Industry Commissioner Guenter Verheugen urged China on Tuesday to establish a more transparent system that would make it easier for European companies to export to the giant Asian market.

Verheugen, also a vice-president of the European Union's executive arm, made the remark after two days of talks with Chinese officials in Beijing.

"Procedures (in Europe) are well functioning, transparent and easy to apply. Chinese exporters are already benefiting while import of European products to China is still subject to a number of complicated procedures," he said.

"This situation should be improved. In this context I have pleaded for more transparency to be able to do business with each other and have a good climate for investment," he told a briefing in Beijing.

Verheugen also urged China to do more to protect intellectual property rights, a perennial bone of contention between China and its trading partners.

"Both China and the EU must protect our consumers both when it comes to domestically produced and imported goods," he said.

Nikko pressures Citi to raise offer

AP, Tokyo

Orbis Investment Management, a major shareholder of Nikko Cordial Corp, stepped up pressure on Citigroup to raise its \$14 billion bid for the Japanese broker by offering to sell its stake on the open market at a higher price.

Analysts dismissed the move, which offers the shares at a price well above their current market value.

Orbis said it would immediately place an order on the Tokyo Stock Exchange to sell its entire 5.8 percent stake, adding that it believed Citigroup's offer of 1,700 yen per share for Nikko materially undervalued the company.

In a statement issued late on Monday in New York, Orbis said it would offer its 56.5 million shares in Japan's No. 3 brokerage at 1,900 yen each - nearly 12 percent above Citi's offer price and 13 percent higher than their market value.

US-ROK FTA faces tough road in Congress

AFP, Washington

The US-South Korea free trade pact faces a tough road in Congress amid a variety of concerns over Seoul's policies as well the US administration's handling of trade issues, analysts say.

The free trade agreement (FTA) clinched with only minutes to spare in Seoul is not assured passage in Congress, which is controlled by the Democratic Party.

In fact, some lawmakers say they will even block consideration of the FTA unless Seoul moves to end its ban on US beef imposed due to concerns about mad cow disease.

The exclusion of rice - considered a sensitive commodity in Korea - may also make approval harder, say analysts. And the phasing out of US tariffs on Korean-made pickup trucks could prompt opposition in Washington among critics who argue the South Korean auto industry benefits from unfair advantages in its home market.

Deputy US Trade Representative Karan Bhatia said the deal, the biggest since the North

American Free Trade Agreement, is "a very strong FTA" that opens up financial services and makes 95 percent of bilateral trade in consumer and industrial products duty free within three years.

Bhatia said the agreement includes "provisions to level the playing field in the automotive area," and "is also a very strong agriculture agreement."

Nonetheless, the announcement got only a lukewarm response from lawmakers.

"I have mixed feelings," said Republican Senator Chuck Grassley.

Grassley said although the trade pact is "commercially significant," he added: "I'm disappointed that rice was excluded from the agreement. On principle, I oppose taking agricultural products off the table in trade negotiations. It just facilitates the continuation of protectionism."

The lowa senator noted that the agreement "is dead on arrival until the beef issue gets resolved," he said.

While the ban on beef is not officially part of the free-trade agree-

ment (FTA), both sides acknowledge that US lawmakers would reject any deal unless the issue is resolved.

"I don't think the Congress will approve an FTA with Korea without the full reopening of the Korean beef market," Bhatia told reporters on a conference call from Seoul. "We have made that very clear to Korea and they understand that."

Before a 2003 import ban, South Korea bought 850 million dollars' worth of US beef a year. Seoul last year agreed to accept US boneless beef but rejected three shipments after discovering tiny bone fragments.

Seoul did agree to phase out its 40 percent tariff on beef over 15 years. Tariffs on pork will go over 10 years.

On the ban, Korean officials said in Seoul they promised to "positively consider" US demands on beef after the International Organization for Animal Health reviews mad cow risks in the US.

BCS IT fair from tomorrow

BSS, Dhaka

The sixth nine-day computer fair styled 'City IT-2007' begins on the IDB Bhaban premises in Dhaka from tomorrow.

Science and ICT Adviser Tapan Chowdhury is expected to inaugurate the show, which is being organised by BCS Computer City.

According to the organisers, some 157 stalls will be set up at the fair to provide different brands of computer accessories for the customers at special rates.

The fair will remain open from 9am to 6pm everyday with an entry fee of Tk10.

Students wearing uniforms of their educational institutions and physically challenged people will get free access to the show.

11 hatcheries closed in Cox's Bazar

OUR CORRESPONDENT, Cox's Bazar

Some 11 hatcheries in Cox's Bazar have been closed due to acute shortage of mother shrimps, local hatchery owners told a press conference here yesterday.

They also said unplanned fishing in the Bay is a major cause for the crisis. They lamented that the authorities concerned are indifferent to checking the menace.

There is no official policy regarding catching of mother shrimp in the Bay, said Yunus Chowdhury, vice-chairman of Cox's Bazar Shrimp Hatchery Owners Association.

He also said sea fish resources are likely to exhaust soon unless the indiscriminate catching of fish is stopped.

Shrimp is the second largest export item of the country after ready-made garments.

Global Finance selects Janata as best bank in Bangladesh

The New York-based financial magazine, Global Finance, has selected Janata Bank as the best bank in Bangladesh for the year 2007, says a press release.

Janata Bank has been chosen the best bank in the country for achieving high performance and growth rates in banking sector, according to the magazine.

The magazine also said the bank has invested considerably in software development including internet banking, branch automation and ready cash card.

Criteria for choosing the winners in the region included growth in assets, profitability, strategic relationships, customer service, competitive pricing and innovative products.

3-day medical show from April 6

STAR BUSINESS REPORT

A three-day medical equipment and medical services exhibition will begin in Dhaka on April 6 to exhibit latest technologies and services in the health sector.

Event management company CEMS (Conference & Exhibition Management Services) is organising the show titled "Meditex-2007" to be held at the Bangladesh-China Friendship Conference Centre.

Mehrun N Islam, managing director of CEMS, told a press conference yesterday that medical equipment, surgical instruments, medicines, hospital equipment and other healthcare products will be displayed at the exhibition.

Participants from home and abroad especially from China, India, USA, Singapore and Pakistan are expected to participate in the fair.

Mehrun said the Asia Pacific healthcare equipment and supplies market grew is expected to grow to \$43 billion by 2010.

She said the exhibition will be helpful for Bangladeshi healthcare industry as it offers an industry-specific showcase of hospital, pharmaceutical and medical equipment, healthcare products, solutions and services from leading global companies. CEMS Director Shahed S Sarwar also spoke.

The fair will remain open from 10 am to 7.30 pm without any entry fee. The Daily Star and Radio Today are the media partners.

Dollar steady in Asian trade

AFP, Tokyo

The dollar was steady against the yen and euro in Asian trade Tuesday as the market waited for fresh US housing figures and the pivotal US monthly employment report due Friday, dealers said.

The dollar was little changed at 117.80 yen in Tokyo morning trade after 117.83 in New York late Monday.

The euro was steady at 1.3366 dollars from 1.3365 while slipping to

157.41 yen from 157.50.

There was little market action due to a lack of new leads and with dealers in Europe and the United States winding down ahead of the Easter weekend, said Nobuo Kihara, forex marketer at BNP Paribas.

The dollar managed to shrug off a weaker-than-expected reading of an index of US industrial activity, which dipped to 50.9 percent in March from 52.3 percent in February, according to the Institute

of Supply Management.

However, the prices element of the survey jumped to 65.5 from 59.0, reinforcing expectations that US interest rates will not be cut any time soon.

On the data front, the main focus for the market this week will be US pending home sales due out later Tuesday and the monthly US labour market report on Friday, when many key markets will be closed for Good Friday.



From left: Olivier Watzet, country manager (exploration and production) of Total SA, an international oil company, Paul Joathon, an executive of Total, Charles Mattenet, senior vice-president (exploration and production) of Total, Jacques Andre Costilhes, French ambassador in Dhaka, and Dominique Simon, French embassy's trade commissioner, pose for photographs at a reception accorded to Mattenet in the capital on Monday. Total is going to open an office for exploration of block 17 and 18 in offshore Bangladesh as the company has bought 60 percent stake in the blocks from Tullow Oil.

Rising wages, skills shortage threaten India's IT industry

AFP, Bangalore

Rising wages and a shortage of skilled workers threaten to blunt the competitive edge of India's flagship 48-billion-dollar information technology industry, experts said.

Rivals such as China and the Philippines are set to challenge India's dominance, which is also being eroded by IT employees jumping jobs for higher pay, a rising rupee and deficient infrastructure such as telecom connectivity, roads and ports.

"These are issues the industry has to deal with in a globalised world," Kaushal Sampat, chief operating officer of the Indian unit of Dun and Bradstreet, said.

"You can't look just at the positives, thump your chest and say you are the champion."

"For every positive, there's a negative," Sampat, 36, said in an interview in Bangalore, India's

Silicon Valley.

Dun and Bradstreet, the New York-listed provider of information on companies worldwide, released at the weekend its first report on India's information technology industry, which has risen in the past decade on the coattails of software firms such as Infosys Technologies, Wipro, Tata Consultancy and Satyam.

The appreciation of the rupee, which rose last week to an 11-year-high against the dollar, employee turnover rates as high as 25 percent and a shortage of skilled workers estimated at half a million by 2009 as wages rise 15 percent a year are the key risks, said the report.

"Limitations in domestic infrastructure and competition from other global players offering manpower at low cost like China, Philippines and Vietnam can (also) have a negative impact on the performance of IT companies," it added.

These factors are countering positives such as worldwide growth in IT spending, which is forecast to rise at 7.0 percent annually to 2010 to exceed two trillion dollars, and the opening of new markets in Europe.

V.K. Magapu, chief executive of L and T Infotech, an arm of Indian engineering firm Larsen and Toubro, said half-a-million people were employed by IT companies when the industry's annual turnover was 14 billion dollars, less than a third of the current level.

IT firms will need an additional 1.6 million software programmers and other engineers to raise combined revenue to 72 billion dollars in the next five years, Magapu said at the launch late Friday of the Dun and Bradstreet report.

"The resource crunch will be truly felt when one large IT multinational comes to India and says I want to hire 20,000 people in the next six months," he said.



CEMS Director Shahed S Sarwar (L) speaks at a press conference in Dhaka yesterday to announce the schedule of a medical show as Mehrun N Islam, managing director of CEMS, looks on.