

Star BUSINESS

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World Bank for merger of BKB, RAKUB

Insists on timetable for divesting govt stakes in the specialised banks

MD HASAN

The World Bank (WB) has suggested merger of two state-run specialised agricultural banks, Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB), for the banks' effective functioning as rural credit providers.

Stressing the need for merger of the two banks, a recent WB report remarked that the cost of rehabilitation would also be minimised on such an initiative.

It also recommended a medium term privatisation plan of the banks and asked the government for setting a timetable for divesting its remaining stake in BKB and RAKUB and also for a criteria for investors and evolving mechanism for such

divestment.

According to the sources in the international lending agency, a mission visited Bangladesh in last April and discussed the findings and recommendations put forward by a study on access to rural finance. The WB looked into the whole spectrum of financial institutions, including BKB and RAKUB, nationalised and private commercial banks and micro finance institutions (MFIs).

The WB mission placed all of its recommendations on rehabilitation of the two specialised agricultural banks to the government and another mission is due in Dhaka next month to set out a pre-appraisal of the proposed access to rural finance project.

Arguing for the BKB-RAKUB merger, the WB said a combined bank could use a single information technology (IT) package to support new system.

Conducting the rehabilitation process would reduce the management challenge involved in the process, it said.

The World Bank said the rehabilitation cost could be reduced significantly if the two are merged. It has estimated that \$1394 million would be required for rehabilitation as realistic cost and \$1266 million as optimistic net cost. Of the amount, each bank will require \$5 million for management and operations support. And a total of \$35 million has been estimated to install new IT system for both the banks.

However it said the cost for IT system installation could be reduced by around \$10 million in case of merger of the banks.

Under the access to rural finance project, the World Bank recommended reforms in BKB and RAKUB and transforming them into profitable banks targeting rural small and medium enterprises (SMEs) and small farmers.

It recommended a thorough diagnostic of the financial and operational performances, a detailed recapitalisation plan to reduce the fiscal burden and development of new business plans for the two specialised banks.

Manufacturers trash REHAB claim on brick prices

STAR BUSINESS REPORT

Bangladesh Brick Manufacturers Owners Association (BBMOA) yesterday trashed REHAB's claim on the present market prices of bricks.

Maizuddin Ahmed, secretary general of BBMOA, in a statement said the current rate of one thousand of best quality brick ranges between Tk 3,500 and Tk 3,800, while Real Estate and Housing Association of Bangladesh (REHAB) leaders on Sunday at a press conference claimed the prices of one thousand bricks reached Tk 5,000 in 2007 against Tk 3,100 in 2005, an increase by 62 percent.

Rejecting the REHAB claim, Ahmed said brick price varied but it did not go over Tk 5000 excepting the ceramic brick price, according to the BBMOA statement.

UAE's amnesty to illegal workers

AFP, Dubai

The United Arab Emirates has launched a three-month amnesty to allow illegal workers to regularise their situation or leave without facing penalty, the local press reported on Monday.

The government has decreed to allow illegal workers, whose number is estimated at around 300,000 people, to choose between getting a work permit within three months or leave the country without facing a penalty, Labour Minister Ali Abdallah al-Kaabi was quoted as saying.

Under UAE law, expatriates working illegally face up to 10 years in jail followed by deportation.

Employers of illegal workers could be imprisoned for one month and face a fine of 50,000 dirhams (13,600 dollars).

Around 80 percent of the 4.1 million inhabitants of the UAE are expatriates, mainly from Asian countries, according to official statistics.

The oil-rich UAE attracts huge numbers of Asians seeking work, mainly as labourers and domestic workers, but many stay on after their visas expire. Entry into the Emirates also requires a local sponsor.

Malaysia's April trade surplus down 9.4pc

AFP, Kuala Lumpur

Malaysia's trade surplus declined in April by 9.4 percent to 6.0 billion ringgit (1.76 billion dollars) from 6.63 billion during the same month a year ago, official data showed Monday.

The April figure was also 7.9 percent lower compared with a revised 6.52 billion ringgit in March.

Exports for April rose 0.9 percent to 46.12 billion ringgit from 45.71 billion in the same month last year, but were 5.8 percent lower against 48.99 billion ringgit for March this year, the figures showed.

Market capitalisation on DSE reaches new high at Tk 44,891cr

STAR BUSINESS REPORT

Market capitalisation on the Dhaka Stock Exchange (DSE) yesterday reached an all time high at Tk 44,891 crore as the Dhaka bourse has been witnessing a bullish trend for one month.

Earlier on Sunday, the DSE market capitalisation stood at highest of Tk 44,119 crore. On May 3, the market capitalisation crossed Tk 40,000 crore mark for the first time in the history of country's stock market.

Market operators said the capitalisation is on the rise as the price of shares is soaring due to huge demand for shares from the investors.

But, they said the market capitalisation will be based on availability of new securities, they added.

The existing numbers of shares are multiplied by the closing prices

of the shares in order to calculate the market capitalisation.

The premier bourse's benchmark index DSE General Index also reached a new high as it closed at 2017.44 points yesterday, up by 10.39 points or 0.51 percent from the previous day's closing.

The DSE All Share Price Index also rose by 6 points, or 0.36 percent, to finish at 1665.8 points.

The total turnover, however, came down to Tk 184.65 crore. On Sunday, the turnover hit the all time high at Tk 206.79 crore.

Of the issues traded, 72 advanced, 111 declined and 21 remained unchanged. A total of 9,065,652 shares were traded on the DSE.

At the end of the day, Power Grid Company of Bangladesh (PGCB) topped the turnover leaders followed by Brac Bank, Square Pharma, Prime Bank, Southeast Bank, Summit Power, Dhaka Electric Supply Company, Pubali Bank, Heidelberg Cement and

National Bank.

PGCB, the state-run power company, topped the turnover leaders with 343,300 shares worth Tk 21.7 crore.

UNB adds: Trading at Chittagong Stock Exchange (CSE) closed higher yesterday, although the losers dominated the gainers.

CSE All Share Price Index (CASPI) rose by 0.88 percent to close at 4889.25 points against 4846.44 points on Sunday, the previous trading day.

The CSE-30 Index also increased by 0.72 percent to close at 4438.25 points against 4416.94 points on Sunday.

A total of 95 issues were traded yesterday. Of them, 38 gained, 50 declined and seven remained unchanged.

Some 2,672,333 shares and debentures worth Tk 28.73 crore changed hands yesterday against 3,353,965 shares valued at Tk 30.29 on Sunday.



Prime Bank MD reappointed

M Shahjahan Bhuiyan has been reappointed managing director of Prime Bank Ltd for another three years with effect from May 28, says a press release.

Bhuiyan, who started his banking career with State Bank of Pakistan in 1970, has been serving Prime Bank as managing director since May 2004.

He also held various important positions in United Commercial Bank Ltd, The City Bank Ltd and Pubali Bank Ltd.

City Bank okays 10pc stock dividend

The City Bank Ltd has approved a 10 percent stock dividend, says a press release.

The approval came at the 24th annual general meeting (AGM) of the bank held yesterday in Dhaka.

Chairman of the bank Aziz Al-Kaiser presided over AGM, which was also attended by directors, managing director and senior officials among others.

India, Brazil seek trade boost

AFP, New Delhi

Emerging economic powers India and Brazil pledged Monday to increase bilateral trade four-fold to 10 billion dollars in the next three years.

Brazilian President Luiz Inacio Lula da Silva, on a visit to New Delhi, told business leaders that both countries could not only achieve the "target we have set, we could go beyond that."

"We have decided to increase our trade from the present 2.4 billion dollars to 10 billion by 2010," said Lula, on his second visit to India since 2003.

"With a total population of 1.3 billion inhabitants, we have not even discovered 10 percent of our trade potential."

During a visit by Indian Prime Minister Manmohan Singh to Brazil in September, Lula's administration promised to help New Delhi produce ethanol and cut its dependence on oil.

India, which imports more than three-fourths of its oil requirements, is increasingly looking for cheaper sources of energy to fuel its blistering economic growth.

Brazil is the largest producer and exporter of ethanol, which may be used by 80 percent of new cars sold in the country.

Ethanol meets 17 percent of Brazil's fuel needs. Brazil produces 16 billion litres (4.2 billion US gallons) annually, of which three billion litres are exported, according to official statistics.

Patent act to be updated to boost medicine export

CA assures pharma industry

UNB, Dhaka

Chief Adviser Dr Fakhruddin Ahmed yesterday said his caretaker government (CG) would take step to update the age-old Patent Act to avail of the advantage of Bangladesh's LDC status to export medicines as per WTO-TRIPS agreement.

The CA stated this when a 19-member delegation of Bangladesh Association of Pharmaceutical Industries led by its president SM Shafiuzzaman met him at his office in the afternoon.

The association leader apprised him that Bangladesh, along with other LDCs, could manufacture patent drugs and export to the least developed countries until 2016 as per WTO-TRIPS Agreement and Doha declaration.

And it is only Bangladesh which can export patent medicines as an LDC to 49 other LDCs as the country, out of 50 LDCs, is self-sufficient in manufacturing drugs.

But Bangladesh pharmaceutical industries would not be able to reap the advantage if the Patent Act 1911 is not updated, the association leaders told the CA.

Responding to them, the Chief Adviser said he would look into the matter and talk with the ministries concerned, according to Chief Adviser's Press Secretary Syed Fahim Munaim.

Bangladesh is now exporting drugs and pharmaceutical raw materials to 68 countries, meeting 97 percent local demand and contributing remarkably to the national economy. The pharmaceutical sector is the second-largest taxpayer, according to the association leaders.

The association leaders also appealed for allocation of two bighas of land to set up a modern Drug-testing Laboratory in the capital city which would help in carrying out Bio-Equivalent Test for domestic drugs, which is mandatory before accessing the international

market.

Because, now this test has to be performed abroad, which is very expensive. If the laboratory can be set up, they would be able to carry out the bio-equivalent test here at less cost.

The CA said he would talk the matter with the concerned authorities.

About appointment of a drug administrator, he said the appointment would be given soon in order to act as watchdog in the life-saving industry.

As the matter of reported recent price hike of drugs came up, the owners of pharma industries claimed that prices of drugs have not been increased to date since 1994.

Among others, Samson H Chowdhury of Square, Mizanur Rahman Sinha of ACME and owners and chief executives of the country's leading pharmaceutical companies were on the delegation.



PHOTO: THE CITY BANK

Chairman of The City Bank Ltd Aziz Al-Kaiser presides over the 24th annual general meeting (AGM) of the bank yesterday in Dhaka. Directors, managing director and senior officials, among others, were present.

\$1530m investment proposals from UK, Canada firms

BSS, Dhaka

Eight British companies and individuals have signed memorandum of understanding (MoU) with the Board of Investment (BoI) to invest in sectors like power plants, tourism, leather garments, food products, building industry, five star hotels, textiles and financial institutions in Bangladesh.

Meanwhile, about 13 MoU were signed between BoI and Canadian companies and individuals with a total investment proposal of over 600 million US dollars.

The estimated commitments of the UK companies are about 930 million US dollars, said a BoI press release.

The MoU were signed following a seminar on 'Investment Opportunities in Bangladesh' held in London on Sunday organised by BoI in cooperation with Bangladesh High Commission to UK and British-Bangladesh Chamber of Commerce (BBCC).

About 150 British businessmen

including non-resident Bangladeshis (NRB) attended the seminar.

As part of the investment promotion mission of BoI, a 4 member

Asia's IT trade show in Taipei today

AFP, Taipei

The world's major technology firms are ready to display their cutting-edge products in Asia's biggest information technology trade fair here this week and generate multi-billion dollar business opportunities, organisers said Monday.

Among the products on display during the three-day exhibition beginning Tuesday at the Taipei World Trade Centre will be fourth generation (4G) wireless high speed Internet services better known as WiMAX, said Chang Li, an official of the Taipei Computer Association.

delegation led by BoI Executive Chairman Md Nazrul Islam, is now visiting the United Kingdom to attract more British investment to Bangladesh.

Among others, Acting High Commissioner of Bangladesh to UK Ashraf Uddin, Martin Sluchis of Pin Mills Company, Abu Reza Khan and Mamdood Hossain Alamgir of BoI, commercial counselor Shahabuddin Patwary, Ferdous Khan and Didarul Ahsan.

Peter J Fowler, former British High Commissioner to Bangladesh and honorary president of British Bangladesh Chamber of Commerce (BBCC) conducted the seminar.

The BoI delegation will also visit Germany and attend a seminar in Cologne today.

Earlier, the BoI delegation visited Toronto in Canada and held an investment promotion seminar on May 28 in collaboration with local Enterprise Investment Centre and Canada-Bangladesh Business Council.

Asia Insurance declares 12pc dividend

Asia Insurance Ltd at its seventh annual general meeting (AGM) has declared a 12 percent dividend for the shareholders.

The AGM was held in Dhaka recently, says a press release.

Yussuf Abdullah Harun, chairman of the company, presided over the AGM where Vice Chairman Mahabubul Alam Talukder, directors and managing director were present among others.

New MD of Exim Bank



Kazi Masihur Rahman has been appointed managing director of Export Import (Exim) Bank of Bangladesh Ltd with effect from June 4, says a press release.

He joined Exim Bank in August last year as additional managing director. Prior to joining Exim Bank, he served as deputy managing director of Prime Bank Ltd for more than 2 years.

Rahman, who started his banking career as a probationary officer with Sonali Bank in 1977, also worked with Mashreq Bank, Dubai as AVP (Operation).



PHOTO: ASIA INSURANCE

Asia Insurance Ltd Chairman Yussuf Abdullah Harun presides over the seventh annual general meeting of the company in Dhaka recently.

US seeks tougher WTO rules on subsidies

AFP, Washington

The United States called on the World Trade Organisation Monday to strengthen rules on subsidies during the current Doha Development Round of international trade negotiations.

"The subsidies we want to prohibit maintain inefficient production capacity in industries ranging from steel to semiconductors," US Trade Representative (USTR) Susan Schwab said in a statement.

"Stronger rules for these types of subsidies would address significant trade-distorting practices of many of our trading partners that often lead to unfair trade," she said.

The US proposal would prohibit five types of subsidies if they are "specific," that is only given to a particular company or industry, and benefit a product that is exported or competes with imports, the trade office said.

The proposed practices to be prohibited are coverage of operating losses; forgiveness of government-held debt; lending to "uncredit-worthy" companies; equity investments in "unequity-

worthy" companies; and other financing, such as "royalty-based" financing that is not commercially available.

The proposed new subsidy rules were not intended to apply to the agriculture sector, the trade office said.

The proposal also seeks additional WTO transparency procedures applicable to state-owned companies and government subsidies to such companies.

The USTR said it had submitted the proposal Monday to the WTO rules negotiating group for the Doha Round negotiations, which were suspended in July 2006 for lack of progress but unofficially resumed in January.

The US proposal comes ahead of key talks this month in Germany between the four major WTO powers -- US, the European Union, Brazil and India -- in a bid to energize the Doha Round.

The meeting of the so-called "G4" group will take place in Potsdam, outside Berlin, but the precise date has yet to be fixed, according to diplomats.