

NCC Bank

Agrabad Branch

is now at own premises from 03 April 2011

New Address :  
Rafique Tower  
92 Agrabad C/A, Chittagong.

NCC Bank Ltd.  
Where Credit and Commerce Integrates  
www.nccbank.com.bd

# Transit: an explainer

REFAYET ULLAH MIRDHA

.....

Bangladesh cannot charge any fee for giving the right of transit and transshipment to other countries, but can collect other service charges and administrative costs in line with the World Trade Organisation (WTO) rules, experts said yesterday.

According to international practices, Bangladesh will receive service charges for across-the-country transports along with different regular service charges such as administrative costs, port use costs, health and environment costs, noise pollution costs, infrastructure development costs and others, they added.

International practices make it mandatory for a country to provide transit and transshipment facilities to another country if it is disadvantaged and landlocked.

The transit providing country needs to develop infrastructure, recruit extra staffers and develop ports to help deliver the additional services, they said.

Transit is the movement of passengers or goods on the way to a destination and transshipment is transfer of a shipment from one carrier, or more commonly, from one vessel to another.

"No country can collect fees only for giving the right of trans-

shipment facilities through the territory of another country.

Syed Saifuddin Hossain, a senior research fellow of Centre for Policy Dialogue (CPD), said no country can collect fees only for giving the transit right.

For example, he said the Switzerland government collects infrastructure charges, administrative costs and other charges for transit and transshipment.

Similarly, the Tanzanian government collects fees from the Dar es Salaam corridor users, he said.

According to General Agreement on Tariffs and Trade (GATT), a country cannot deny transit facility if another country wants to carry goods through its territory, Hossain said.

In this case, no country can collect transit fees or make unnecessary delay, except those of transport and other administrative costs.

The GATT also states that all charges and regulations imposed by the contracting parties should be reasonable.

Recently, comments from a senior adviser to the prime minister created buzz in newspapers.

Prime Minister's Economic Adviser Mashiur Rahman had termed collection of fees from transit and transshipment as "uncivilised and illiterate".

Ahmed said, according to international rules, it is mandatory if a landlocked country demands transit and trans-

shipment facilities through the territory of another country.

Syed Saifuddin Hossain, a senior research fellow of Centre for Policy Dialogue (CPD), said no country can collect fees only for giving the transit right.

For example, he said the Switzerland government collects infrastructure charges, administrative costs and other charges for transit and transshipment.

Similarly, the Tanzanian government collects fees from the Dar es Salaam corridor users, he said.

According to General Agreement on Tariffs and Trade (GATT), a country cannot deny transit facility if another country wants to carry goods through its territory, Hossain said.

In this case, no country can collect transit fees or make unnecessary delay, except those of transport and other administrative costs.

The GATT also states that all charges and regulations imposed by the contracting parties should be reasonable.

Recently, comments from a senior adviser to the prime minister created buzz in newspapers.

Prime Minister's Economic Adviser Mashiur Rahman had termed collection of fees from transit and transshipment as "uncivilised and illiterate".

Ahmed said, according to international rules, it is mandatory if a landlocked country demands transit and trans-

reefat@thedailystar.net

# No more lending cap

## BB governor tells businessmen

STAR BUSINESS REPORT

.....

The central bank governor yesterday ruled out the possibility of reimposing a lending cap, but said the regulator will continue "moral suasion" on banks to keep the interest rate on working capital to industries below 15 percent.

Bangladesh Bank (BB) rejected the demand of businessmen when a delegation of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) led by its President AK Azad met Governor Atiur Rahman.

The FBCCI leaders also briefed the BB governor on problems such as the high interest rate on working capital.

The central bank has recently withdrawn the 13 percent lending cap except on agricultural and industrial term loans.

The International Monetary Fund and the owners of private banks had long been putting pressure on the government to lift the cap.

The businessmen said the banks have been suffering from a dearth of foreign currency and liquidity. However, the BB denied the claim, saying it was a political propaganda.

After the meeting, BB Deputy Governor Nazrul Huda said to the journalists: "We have told the businessmen that the central bank will not re-impose the lending cap. However, in future we will consider

whether a cap can be imposed on working capital but not right now."

In the meeting, the BB officials said they received allegations that some banks are charging 16 percent or more interest on working capital. The BB will hold a meeting next Sunday with the chief executives of the commercial banks and will request them to keep their interest rate at 15 percent or below.

The central bank will continuously monitor the matter and if any bank charges more than 15 percent interest on working capital, the central bank will impose the lending cap, a BB official said.

The BB governor told the businessmen that the regulator will soon take steps to keep the interest rate on working capital at a tolerable level.

Nazrul Huda also denied that there was a liquidity crisis. The amount of excess liquidity with the banks is Tk 24,057 crore now, he said. Every day Tk 3,100 crore is transacted in the call money market. The interest rate on the call money market is maximum 6.25 percent in the private banks.

The BB governor told the businessmen they are facing pressure due to various monetary policy measures and credit policy taken for the sake of economic stability and balance. The pressure is temporary, he said. "These do not reflect the weaknesses of the economy, rather these are fast growth pains," Rahman added.

# Indian HC expects rational transit fee

STAFF CORRESPONDENT, Ctg

.....

Indian High Commissioner Rajeev Mitter hoped Bangladesh would set a reasonable transit fee to achieve the desired outcome of the transit system.

He spoke to reporters after a meeting arranged by the Chittagong Chamber of Commerce and Industry (CCCI) in the port city on Monday.

"It depends on the proposal of Bangladesh government, who has formed a committee to settle the transit fee. India would certainly agree to pay the transit fee fixed by Bangladesh," Mitter said. "Expensive transit fees might not bring the desired benefits."

The high commissioner also announced availability of multiple visas for Bangladeshi businessmen to boost bilateral trade and economic relations between the two countries.

Describing Chittagong as a "dynamic" business centre, Mitter urged the chamber leaders to send business teams to the North-Eastern region of India to boost trade between the two zones.

CCCI President Morshed Murad Ibrahim presided over the meeting, joined by local businessmen and officials of the Indian High Commission in Bangladesh. The businessmen at the meeting urged the Indian high commissioner to ease visa complexities for businessmen and visitors.

Launch of

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড

Mutual Trust Bank Ltd.

you can bank on us

www.mutualtrustbank.com

Elevate your home décor with designer furniture from

K O D A

Singapore

242 Gulshan Link Road, Dhaka 1208

t: 8822511-2. m: 01713 186 770-1

www.kubebd.com

Live your values with HSBC Amanah

HSBC Amanah introduces a wide range of Islamic financial solutions for your personal banking needs.

▶ **HSBC Amanah Current Account:** provides guaranteed safekeeping of your money, while ensuring that it is invested in *Shariah* approved businesses only.

▶ **HSBC Amanah Savings Account:** is a *Shariah* compliant savings account that invests your money in *Shariah* approved businesses only.

▶ **HSBC Amanah Term Investment:** is a *Shariah* compliant fixed deposit that invests your money in *Shariah* approved businesses only.

With HSBC Amanah, you can unlock a world of potential while living your values.

Call +88 01199 262624

Click [www.hsbc.com.bd](http://www.hsbc.com.bd)

HSBC Amanah

Islamic Financial Solutions

HSBC

The world's local bank

Issued by The Hongkong and Shanghai Banking Corporation Limited in Bangladesh

more people around the world go with Visa. |

The Game Changer

Change the way you manage your Corporate Expenses

For the first time in Bangladesh EBL Introduces EBL VISA Corporate Card Program. Business travel and entertainment related expense management of your company - be it a limited, public or a financial institution - will no longer keep your managers on tenterhooks. EBL is here with a game changing solution.

This is a Platinum Category Card issued through a company for its employees. They will use the card for their business travel and entertainment related payments at hotels, shops or to vendors. Now, instead of giving cash advances, you give them a pre-limit Corporate Card for the official expenses. For foreign travel related expenditures, the Card can be issued against ERQ Account as well.

Features at a Glance

> Flexible Spending Limit

> Expense Tracking

> Global Acceptance

> 29 Million Visa Locations

> 24X7 Customer Care

> Triple Insurance Coverage

> Global Cash Advance

> Discounts & Deals

> 600 Airport Lounge Access through Priority Pass

> Complimentary Lounge Usage at Hazrat Shahjalal International Airport, Dhaka

469822 11223344

EBL CARDHOLDER

01/2012

Eastern Bank Ltd.

CORPORATE PLATINUM

4698 0000 0000 0000

4698

VALID 01/12

CARDHOLDER NAME

CORPORATE NAME

Expense Management Program

**EBL VISA CORPORATE**

PLATINUM

To Get the Card

Call 01979-325550-1

Eastern Bank Ltd.

Simple Math™

ebd.com.bd

info@ebd.com.bd

myebd

myebd