

Court authorises ministry to issue title deed for land as bank refuses to release original

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MUSCAT—In a new development, the civil court has authorised the Ministry of Housing, Electricity and Water to issue a new title deed for land to a leading property-owner whose plot was mortgaged with one of the leading local banks.

The decision comes as the bank, in which the property was mortgaged, refused to deliver the original document, even after borrower Ahmed Farid Aulaqai, a leading Omani entrepreneur, settled his loan, sources revealed.

The more than 9,500sqm-tres of land is situated at Sharti Al Qurum. The court, in a public announcement yesterday, said: "In view of the bank's refusal to deliver the original property deed, it has been decided to cancel it and authorise the ministry to issue a new title deed in the name of Ahmed Farid Aulaqai."

Ahmed Farid Aulaqai, who owns Grand Hyatt Hotel, is known as one of the major promoters of tourism projects in Oman and he might be the only local individual promoter, without government ownership, who has put the highest amount of money in a tourism project, so far. The market warmly welcomed the wise decision of the court.

Bank customers whom *Times Business* spoke to said:

"The Omani banking sector is gradually coming out of the NPA problems, and local banks have to grow with the rest of the world's banks and enjoy good international ratings. Customers should also strive hard to avoid defaulting of loans."

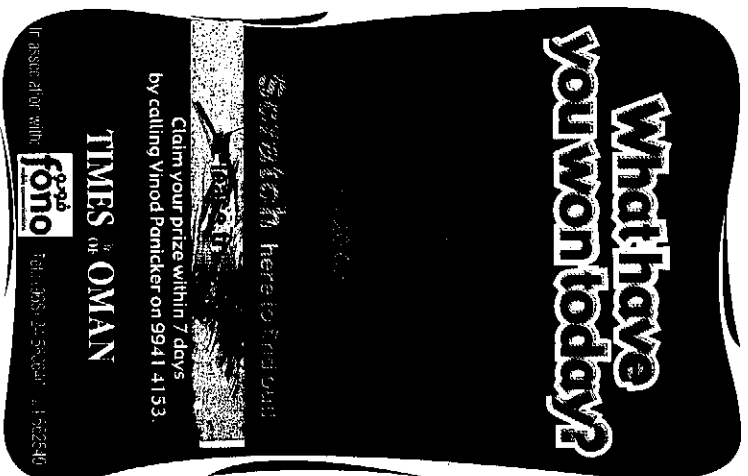
In an era of customer friendliness, globalisation and competition, if possible, it would be advisable to avoid court cases between banks and their customers. Sometimes court cases also dwindle the entrepreneurial spirit, as they would create new and long-lasting hurdles for companies.

Relationship between bankers and the businessmen plays a crucial role in enhancing the scale and scope of economic activity. As experts point out, "It's a human relationship as well as a business relationship."

"It is not that easy for a banker to say good about a customer. If a banker says good about a customer, it's a tremendous reference," businessmen told *Times Business*.

"I think we need to develop good relationships between bankers and businessmen. We need bankers as well as businessmen and both should endeavour to mitigate the number of court cases in business. It makes lot of damages to the confidence factor," another businessman said. Better access to credit facilities is one of many benefits garnered by those with good banker relations.

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The more secure a banker feels about a borrower's integrity, the better the chances for loan approval. A strong, trusting relationship helps give a banker that important sense of security. Because credit is more than just loans, good banker relationships can also result in performance bonds, letters of credit and credit lines being granted.

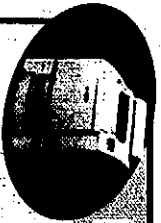
General manager of a leading business house said: "Our banker provides us with a lot of support and insights. We have a much higher comfort level, and that's worth a great deal to us."

"The advantage of the relationship is nothing but peace of mind."

Despite the fact that banks have made impressive progress in bad loan provisioning, which is evident from the size of provisions of more than RO372 million last year, banks' books show poor growth in bad debt recovery.

Banks are said to be facing practical difficulties when they move court against defaulted borrowers as the court process takes a great amount of time, and there is no guarantee that all borrowers will repay debts in full.

In the past two years or so, most banks have intensified their efforts towards collecting and enhancing the collateral on NPA portfolios, and initiated required legal actions against defaulting borrowers.



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TIMES OF OMAN

30-03-2005