

Bush may ask allies to cut interest rates

WASHINGTON, Apr 29: US President George Bush is expected to turn up the heat on America's economic allies and urge them to lower interest rates for the good of the world economy, reports Reuters.

But German and Japan look unlikely to wince under the pressure to put the growth of the global economy ahead of their fights against inflations at home.

The US campaign for lower global interest rates comes at a bad time, a senior Japanese official said on Saturday.

And German officials said they can't even promise Bush that they won't raise rates, much less cut them.

In what analysts called an unusual move, Bush hosted reception for economic policymakers from the Group of Seven industrial nations just before they get together to take stock of the world economy.

By calling for a shift away from fighting inflation to promoting growth, the United States is challenging one of the basic tenets that has governed G-7 policy coordination.

For year, financial leaders from the G-7 have aimed for sustainable non-inflationary growth.

Call money market

Star Economic Report

Money rates in the call money market during the week, ending on April 24, ranged from 10 per cent to 12.25 per cent, says a Bangladesh Bank press release.

During the same week, interest rates offered by the bank on Certificate of Deposits varied from 10 per cent to 14 per cent. The bank rate, however, remained unchanged at 9.75%.

Share trading moves up slightly

Star Economic Report

Dhaka Stock Exchange (DSE) witnessed on Monday a moderate rise in trading. But, decliners in volume terms got the upperhand. DSE All Share Price Index dropped to 354.3533 points compared with Sunday's 354.8627.

The index that provides a broad indicator of price trends of all listed stocks remained under downward pressures from the closing day of last week's business. This reflected a stronger selling pressure while demand was getting weaker.

In all, 3282 shares changed hands on Monday against 3075 in the previous day. In volume terms, trading valued Taka 311295 compared with Sunday's Taka 243395.

Transactions involved fifteen stocks. Of them eleven lost and four lost in prices.

N. T. C. lost Taka 15.00 to Taka 265.00.

Eastern Cables declined Taka 2.22 to Taka 100.00.

Green Delta Insurance, 6th ICB Mutual Fund, Aftab Automobiles, Bangladesh Autocars, Bangladesh Thel Aluminium, Bengal Food, Oxygen, Kohinor Chemical and Tallu Spinning lost within the range between Taka 0.07 and Taka 1.00.

BGC Insurance, 5th ICB Mutual Fund, Saibam Textile and Apex Tannery moved up within the range between Taka 0.04 and Taka 1.00.

Quoted Prices of Traded Stocks

Table with columns: Stock Name, Price, Change. Includes entries for 5th ICB Mutual Fund, 6th ICB Mutual Fund, Insurance, etc.

Banking Company Bill needs revision: DCCI

Star Economic Report

Dhaka Chamber of Commerce and Industry (DCCI) Mahbubur Rahman on Monday expressed his deep concern over the provisions proposed in the Banking Company Bill-1991.

Under the provisions of the proposed Bill, the DCCI chief said the paid-up capital of a commercial bank, together with the reserve fund, must not be lower than six per cent of the total deposits, both demand and time, in any given year before payment of dividend to the shareholders.

Mahbubur Rahman said the bill also seeks to limit the tenure of the members of the board of directors for any bank to six years. Besides, the Managing Director of any bank will be required to submit report about the decision of its board of directors when he would consider any such decision not in the interests of the bank, he pointed out.

Rahman said the provision will adversely affect the objective of broad basing the share ownership because the ordinary investors will hardly get any return on their capital invested in view of continuous requirement of raising the paid-up capital by six per cent on the basis of growth in deposits.

He suggested that the requirement for raising additional paid-up capital against normal annual deposit growth should not exceed five per cent of the total deposits.

Regarding the tenure of the members of the Board of Directors he said this provision is contrary to the terms and conditions laid down for public limited companies under the Company Act of 1913. This is also in conflict with the fundamental rights, guaranteed by the Constitution, he added while noting that if any Director takes any undue advantages by abuse of authority, Bangladesh Bank under normal rules can at ease take disciplinary actions against him. He felt that the provision about the tenure of the Directors would act as disincentive to new private investments. The banks will also be deprived of experienced guidance, advice and counselling of Directors in such a case and continuity of Management and operational policies of the Bank will suffer thus retarding the growth of the Bank.

He also expressed his concern over the provision under the Bill relating to the submission of report by the Managing Director. This is a redundant move and will only create distrust and misunderstanding between the Board of Directors of any bank and its Chief Executive.

Rahman said new provision under the Bill limiting the sanction of any credit will make it difficult for the banks to cater to the needs of their good clients and large enterprises. Such a restrictive provision, he said, will deprive the banks of good business opportunities. In many cases, most existing industries will be deprived of funds if this provision is enforced. New industries will also be in severe trouble to borrow funds.

The DCCI President noted, industrialisation is the prime need for the economic development of the country. But imposition of restrictive terms in the banking sector will only hamper economic development. The proposals of the Banking Company Bill-1991 should be examined very carefully and revised accordingly so that any new legal framework for the banking system can help promote healthy business and competition, he added.



WASHINGTON: Japanese Finance Minister Ryutaro Hashimoto signals to the press that he will not make a comment upon his arrival on April 28 at the meeting of the International Monetary Fund Group of 7 at Blair House. — AFP Photo.

G-7 vows to fight against inflation

WASHINGTON, Apr 29: Economic policymakers of the Group of Seven leading industrial nations on Sunday vowed to maintain the fight against inflation, and agreed to strive for lower interest rates, reports Reuters.

In a communique issued after seven hours of talks, the finance ministers and central bank governors of the Group of Seven emphasised the importance of maintaining policies that lead to lower interest rates.

The document apparently was intended to satisfy US desires for lower global interest rates while addressing the concerns of other members, particularly Germany, that reducing rates now would fuel inflation and lead to higher long-term interest rates later on.

The collective conclusion was that we want to continue the efforts in maintaining price stability but also removing the barriers to growth and stimulating growth on the basis of a lower interest rate policy. Canada's Finance Minister Don Mazankowski told reporters after the G-7 policymakers had completed their talks.

The United States had been pressing its key trading partners, particularly Germany, to reduce interest rates.

Snippets

India submits Kuwait reconstruction offer

ABU DHABI, Apr 29: India has presented Kuwait reconstruction proposals worth 80 billion dollars on behalf of Indian firms, its Commerce Minister Subramaniam Swamy said after talks with Kuwait leaders, reports AFP.

He was speaking in the United Arab Emirates Saturday after a one-day trip to Kuwait to examine prospects for Indian involvement in efforts to reconstruct the war ravaged country.

The discussions with Kuwaiti Crown Prince and Prime Minister Sheikh Saad al-Abdallah al-Sabah was also meant to clear differences over India's stance during Iraq's occupation of the Gulf states.

China's gold output rises 20 pc

BEIJING, Apr 29: China's gold output increased 20 per cent in the first quarter of the year compared to 1990, the officials China Daily reported Sunday, reports AFP.

The amount of gold produced in China is a state secret but the newspaper said growth in production was steady during the January-March period.

Officials of the State Gold Administration predicted that 1991's forecast 8.7 per cent increase in output would be surpassed if the first trend continued, the paper said.

WB to fund Karachi Port modernisation

KARACHI, Apr 29: The International Bank for Reconstruction and Development (IBRD), a World Bank subsidiary, is to provide a 95 million dollar soft loan to finance the modernisation of Karachi's port, sources said Sunday, reports AFP.

The loan would pay for the construction of a new oil pier, the expansion of a bridge linking the port with Karachi city and for a new dredger.

Modern radar and night navigation equipment would also be installed under the modernisation programme.

CIL proposes to float bonds

CALCUTTA, Apr 29: The public sector Coal-India Ltd (CIL) proposes to float bonds worth Rs 200 crores in order to part finance its over Rs 12,000 crore investment programme in the Eighth Plan, reports PTI.

The CIL sources said that the issue would be spread out in instalments over the next few years starting with a Rs 400-crore bond issue later this year.

Kuwait to remove curbs on currencies

KUWAIT, Apr 29: Kuwait which clamped controls on currency transfers after the Iraqi occupation is to remove all the restrictions in June, the Governor of the Central Bank said in an interview published on Sunday, reports Reuters.

Sheikh Salem Abdelaziz al-Sabah told the New Dawn newspaper that the controls, in force since March 24, were expected to be lifted by June 24.

The restrictions were enforced due to the situation in the country, Sheikh Salem said. He said a temporary committee has been formed to supervise money transfers for imports and to make sure purchase prices were in line with world prices.

KSE may become major share market

KARACHI (Pakistan), Apr 29: Pakistan's Karachi Stock Exchange (KSE) is likely to become a major share market in the region in the new future, dealers and analysts said, reports Reuters.

The forecast follows a surge in share prices and volume at the KSE which created several records in the past few weeks. The share price index rose by a record 57 points to a new high of 1,764 on Saturday from the previous 33 on Tuesday when it rose to 1,707 from 1,675 on Monday and compared with 1,483 a year ago, according to KSE statistics.

Pakistan eases curbs on credit cards

KARACHI, Apr 29: The Pakistan Government will allow holders of foreign currency accounts to have credit cards following the easing of restrictions on foreign exchange, the State Bank of Pakistan said Sunday, reports AFP.

The Bank has allowed Commercial Banks here to issue credit cards with spending limit determined by the balances in foreign currency accounts.

Life Insurance's role in boosting savings stressed

Star Economic Report

Life Insurance could play a great role in boosting savings, Shafat Ahmed Choudhury, Managing Director of Delta Life Insurance Company Limited said on Monday.

Addressing the third annual conference and prize giving ceremony of the company at a local hotel, he said. The contribution of life insurance is currently very meagre. Only three per thousand holds life insurance policy in Bangladesh while in India the figure is 47 and in Pakistan 16.

Life insurance fund in India is 18 Dollars per head. In Pakistan it is seven Dollars but in Bangladesh it is only 0.3 Dollars, he pointed out.

Dhaka University Vice Chancellor Prof. Moniruzzaman Miah was the chief guest at the function. He said everybody should work for social welfare. One of major causes of our poverty, he observed, is absence of efficient management. He urged all to enhance efficiency in management. A change in policy with the change of government is not desirable, he said.

President of Bangladesh Insurance Association Mayeedul Islam said insurance in private sector must be encouraged to improve the dismal scenario in the insurance field.

CM Rahman, Director of Bangladesh Insurance Academy also spoke on the occasion. Professor Maniruzzaman Miah distributed the prizes among the recipients. Kazi Akhter Hossain received first prize in Marketing Associates Group. Mohammed Anwar Hossain got the first prize in Marketing Officer Group. The first prize in Agency Manager Group went to Zahan Ara Begum. Shawkat Ali got the first prize the best Assistant Controller of agencies group. Hafizuddin received the best Deputy Controller of agencies prize. He also got first prize for Dynamic Business Competition.

Senior Controller of Marketing Sultan Khan was awarded special prize for his important contribution during 1990. Former chief controller late MM Hossain was awarded posthumous gold medal. The conference was followed by a cultural function.

Asian currencies mixed against US dollar

HONG KONG, Apr 29: Asian currencies were mixed against the dollar during the week with investors looking closely at the outcome of a Group of Seven (G-7) meeting and the US economy, reports AFP.

Japanese yen. The Japanese yen gained marginally to close the week 0.07 yen higher from the preceding week's 137.90 yen finish at 137.83 yen to the dollar.

Australian dollar: The Australian dollar remained little changed against the US dollar during the week closing Friday at 77.50 US cents up a mere 0.3 on the previous week's 77.20 US cents.

Hong Kong dollar: The Hong Kong dollar finished week against the Greenback Friday, closing at 7.7950-7.7960 compared to 7.7900-7.7910 the previous week.

Indonesian Rupiah: The Indonesian currency closed Friday at a record low of 1.938 Rupiah to the dollar compared to 1.935 rupiah the previous week.

Malaysian Ringgit: The Malaysian Ringgit closed the week at 2.7515 against the U. S. dollar down on the previous week's rate of 2.7478.

New Zealand dollar: The New Zealand dollar closed the week worth 58.46 U. S. cents down on the previous week's close of 59.91 cents.

Philippine peso: The Philippine peso closed Friday at 27.845 pesos to the dollar up from the previous week's close of 27.865 pesos.

Outlook for world economy gloomy

Star Economic Report

WASHINGTON, Apr 29: Finance ministers from developing countries Sunday accused international economists with projecting too optimistic a picture for economic growth in the 1990's, reports AFP.

Finance ministers of the Group of 24 began a lengthy communique after their meeting by noting with concern the declaration of growth in the world economy for 1991 for the third consecutive year, and the worsening of the already unfavourable external environment facing the developing countries. This has made it more difficult and costly for them to implement far-reaching macro-economic and structural reforms.

And the ministers said they feared the situation would get worse rather than better.

They said they "observed generally economic growth projections for developing countries in past years, and underscored that the rebound in growth projected for developing countries in 1992 and beyond could also be overly optimistic".

Part of the reasoning for this gloomy outlook included "the prospects for deterioration in the international economic environment, particularly the shortage of global savings and the increased competition for financial resources, especially by industrial countries".

The danger was they said, that there would be a further increase in real interest rates combined with a decrease in investment, "making more difficult the servicing of external debt and further impeding the balanced growth of the world economy".

The G-24, whose membership is primarily from Africa, Asia and Latin America, expressed concern that the industrialized countries might be switching too much attention to the reforming economies of Eastern and Central Europe.

Urban poverty to rise: WB

WASHINGTON, Apr 29: About two-thirds of the world's population growth in the 1990's—some 600 million people—will be in urban centers, the World Bank (WB) said Monday, reports AFP.

With this surge in city dwellers, "urban poverty will become the most significant and politically explosive problem in the next century", the bank said in a report entitled, "urban policy and economic development—an agenda for the 1990's".

The spectacular growth in urban populations will be most felt in the third world, said the Bank.

Indian businessmen fear political uncertainty

BOMBAY, Apr 29: India's industrial groups, reeling from 16 months of political instability, say an inconclusive general election next month would bend the country's tattered economy into a tailspin, reports Reuters.

Businessmen said a hung parliament would also lead to another expensive round of political campaign donations and further delays in government approvals for their projects.

"A hung parliament would further isolate us from the world, India cannot afford it," said a top executive of a diversified textile group.

"It's getting tiresome," the executive said. "Most (political parties) expect funding, and we have almost no choice because very little gets done without political connections in India."

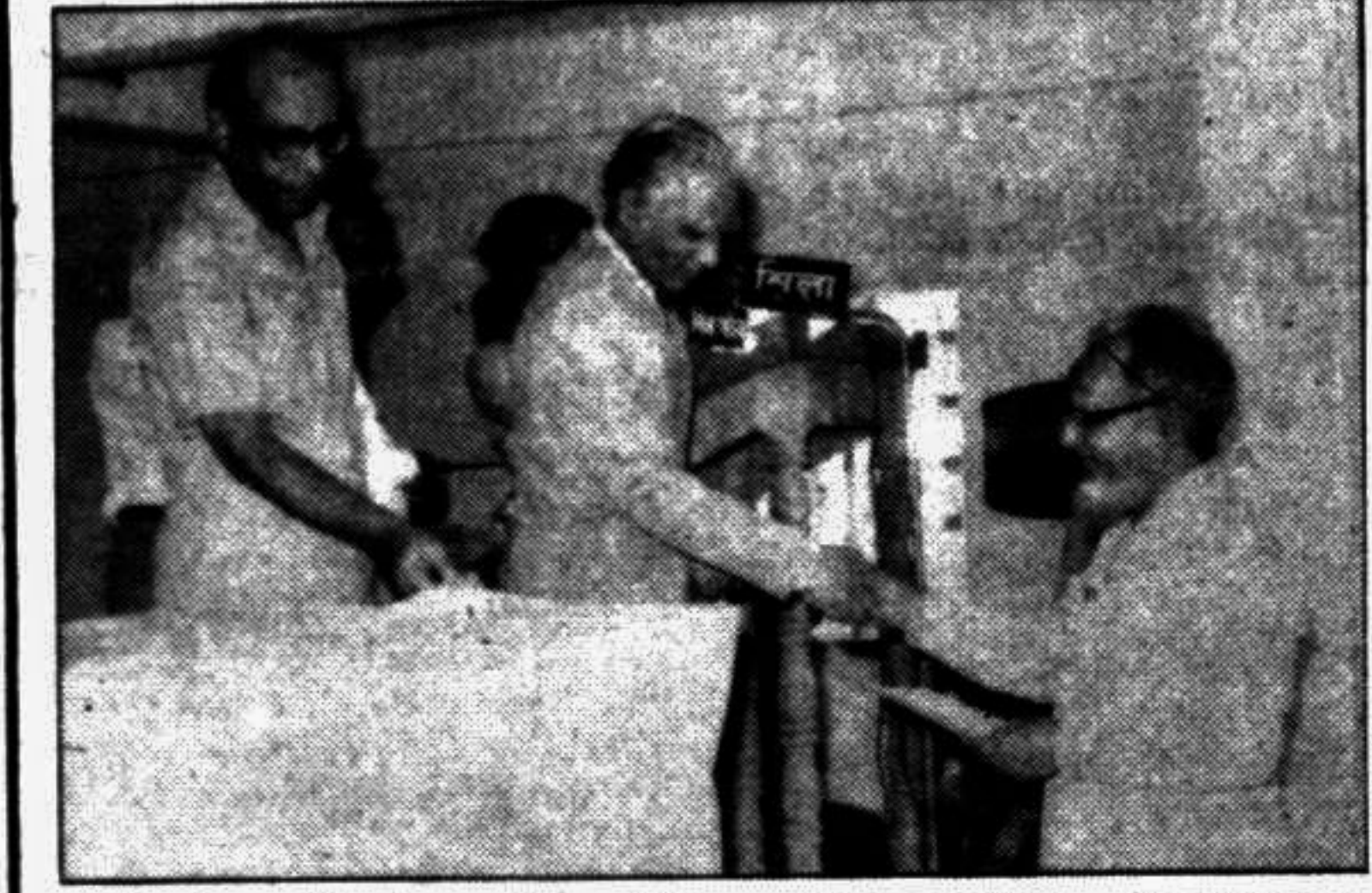
Most of the businessmen interviewed declined to be named underscoring the sensitivities in a country where business and politics are often inseparable.

With no clear winner expected to emerge from general elections in May and June, analysts said that India's industrial groups were hedging their bets by donating to a spread of political parties.

"Even the small parties are receiving funding and it's becoming very expensive," said one investment analyst.

"That's why businessmen are hoping for a clear winner", he added.

Most businessmen in Bombay, India's financial capital, say they hope former Prime Minister Rajiv Gandhi's Congress party will form the next government, after the turmoil surrounding the fall of two non-congress minority governments in the last 16 months.



Dhaka University Vice Chancellor Professor Maniruzzaman Miah distributing prizes in the third annual conference of Delta Life Insurance Company Limited on Monday. Safat Ahmed Choudhury, Managing Director of the company is seen on his right.

Off to Malaysia for training on entrepreneurship

By Staff Correspondent

Youth organizer and social worker Kazi Amdadul Hoque left Dhaka on Monday last to join a training course on masters training in self employment and entrepreneurship to be held in Kuala Lumpur.

He is joining the training as the only non-government youth representative. The 12-day long programme is organised by jointly Commonwealth Youth Programme, Asia Centre, and the Youth and Sports Ministry of India and Malaysia.

The training course will also be participated by Assistant Secretary of Youth and Sports Ministry Amalendu Sen. Amdadul Hoque is the Comilla Correspondent of The Daily Star.



Chairman of the Board of Directors of BASIC Alamgir M. A. Kabir inaugurating the 8th branch of the Bank at Shantinagar, Dhaka. Also seen in the picture from left to right General Manager of the Bank Mohd. Sajidul Haq, Managing Director A. A. Qureshi, and Chief Manager Mohiuddin Ahmed.

Big business for UK firms in Kuwait

KUWAIT, Apr 29: British firms will have major opportunities to help rebuild Kuwait's shattered oil industry, British Energy Secretary John Wakeham said, reports Reuters.

Wakeham headed a group of 12 British oil experts seeking contracts to help tackle hundreds of blazing oilwells and reconstruct the industry.

He told a news conference that their talks with Kuwait oil co-officials "will lead shortly to announcements of major opportunities for British industry to help in solving the vast problems facing Kuwait."

Wakeham said Britain's Royal Ordnance Co had won a substantial contract to clear Gulf War battlegrounds and explosives dumps. He said he believed British firms would get their fair share of reconstruction work generally.

The British embassy said the contract covered much of the Emirate, both around towns and the oilwells. It did not say how much the contract was worth but said work would go on well into next year.

Iraqi troops blew up more or set ablaze more than 500 oil wells before driven out of the Emirate by the U.S.-led allies at the end of February.

Exchange Rates

Table with columns: Selling, Buying, and various currency rates for April 29.

BASIC branch opens in city

Star Economic Report

The 8th branch of Bank of Small Industries and Commerce Bangladesh Limited (BASIC) started functioning at 12 Shantinagar, Dhaka from Monday.

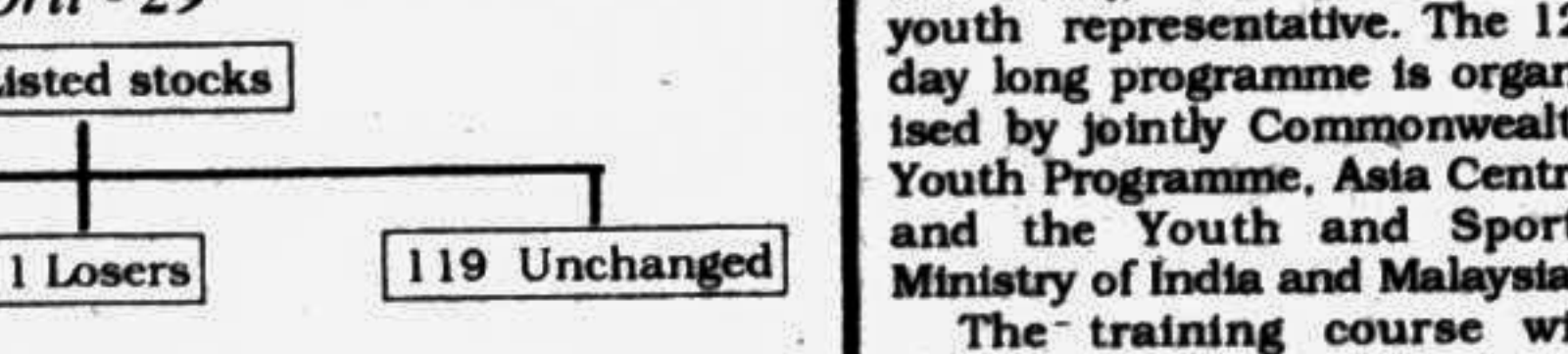
Former Advisor to the Acting President and Chairman of the Board of Directors of the Bank Alamgir MA Kabir opened the branch as Chief Guest.

In his address the Chief Guest stressed the need for achieving the goal for which the Bank was established through concerted efforts by all.

Managing Director of the Bank AA Qureshi and Chief Manager Mohiuddin Ahmed also spoke on the occasion.

Chairman BSCIC and Director of the Bank Maniruzzaman Chowdhury and the General Manager Mohd. Sajidul Haq were also present in the inaugural function. The function was followed by Milad Mehfil.

Dhaka Stock Exchange Market Profile



119 Unchanged stocks include no traded on the day at their previous quoted prices. DSE All Share Price Index = 354.3533 Issued Capital=Taka 1,146,289,601.00 Market Capitalisation = Not Available Turnover = Taka 3,11,295.00 (Value) 3,282 (Volume).