Bar on currency withdrawal from Kuwaiti banks goes by Aug 3

KUWAIT, June 27: Kuwait said on Wednesday it would lift all restrictions on currency withdrawals from its banks by August 3 despite widespread fears that millions of Dinars might drain out of the country as a result, reports Reuter.

Central Bank Governor Sheikh Salem Abdul-Aziz Al Saud al-Sabah was quoted in Kuwaiti newspapers as saying a ceiling of 4,000 Dinnars a month, imposed immediately after the end of the Gulf war, would first be eased and then scrapped.

"The Central Bank has decided to increase the maximum amount customers can withdraw from their accounts in local banks from 4,000 Dinnars a month to 6,000 Dinnars or the equivalent in foreign exchange, effective July 1," Sheikh Salem said.

"On August 3, all forms of restrictions on withdrawals and banking transfers in Kuwaiti Dinars or any foreign currency will be lifted," he added.

August 3 is the day after the first anniversary of the Iraqi invasion which started the Gulf crisis.

Business leaders and economists say investor confidence in the Kuwaiti economy is low because of the damage done by the Gulf war. They fear lifting the restrictions could lead to capital flight, pressure on the Dinar and runaway inflation.

"After August 3, the Central Bank will have to support banks to stop them collapsing from the rush of withdrawals," said Youssef Ibrahim, a research economist at Kuwait University.

Share trading dull

Star Economic Report Trading at Dhaka bourse

remained dull on Thursday with lackluster mood of the mood persisting for the second day following resumption of transactions after the Eid recess.

There was some uptrend in trade turnovers but the figure still remained at a very poor level. In all, 675 shares and debentures changed hands compared with 55 on Wednesday. In value terms, trading in volved Taka 64.675.00 against Taka 6,740.00 on the previous

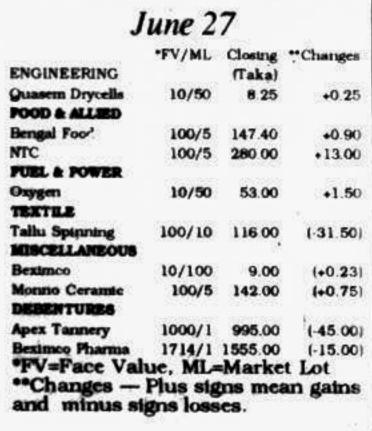
The traded stocks were nine in number — seven equity issues two debentures. Of them, six advanced and three declined

Among the advancers, National Tea Company gained most- by Taka 13.00 and stood at Taka 280.00 at closing. Oxygen in fuel and power advanced Taka 1.50 to Taka 53.00. The others gained between Taka 0.23 and Taka 0.90. Bengal Food advanced Taka 0.90 to Taka 147.40. Monno Ceramic by Taka 0.75 to Taka 142.00, Quasem Dry Cells by Taka 0.25 to Taka 8.25 and Beximco (in miscellaneous group) by Taka 0.23 to Taka 9.00 at closing.

Among the decliners, Apex Debentures lost Taka 45.00 and stood at Taka 995.00 at closing. Tallu Spinning in textiles group declined by Taka 31.50 to Taka 116.00, Beximco Pharma (debentures) fell by Taka 15.00 to Taka 1555.00.

Dhaka Stock Exchange (DSE) Ail Share Price Index which is a broad indicator of price trends of all listed stocks moved up, with the impact of advancers falling favourably on the Index. It stood 293:8707 at week's closing on Thursday compared 292.9186 at the beginning of the week on Saturday last.

Quoted Prices of Traded Stocks



Tk 50cr shares to be disinvested, non-residents to be all lowed to buy shares Stock market yet to be ready to absorb new doses

By Moazzem Hossain

The permission, issued by The low turnover rate and thin operations of Dhaka Stock the Controller of Capital Is-Exchange (DSE) - the counsues, will be sufficient for the try's lone secondary securities purpose. Under the simplified process of share issue, the market - provide an incongrous setting for new policy transfer of securities from oneresident to another non-resi moves of the government to activate the capital market. dent will not require the approval of Bangladesh Bank. The government will be going for a fresh dose of pri-This will open up opportuni-

ties for transactions in such vatisation of its public sector enterprises (PSEs) in fiscal securities by the non-residents or on their behalf. 1991-92 that begins on July 1. Capital assets or stocks, worth the investment opportunities Taka 50 crore, of industrial in the share market to the PSEs will be divested through public issues of shares. non-residents including Bang-The programme for divestiladeshis was announced by the ture of shares and disposal of Finance and Planning Minister industries under the ownerat a press briefing on June 11 at his Shere-e-Bangla Nagar ship of the government "at appropriate prices" will be initioffice following a high-level

ated afresh "for further expan-

sion and consolidation of a lib-

eral and market oriented

economy", according to the

announcement by Finance and

Planning Minister Saifur Rah-

man in his last budget speech.

In another major develop-

ment for the stock market, the

non-residents including

stock exchange without per-

mission of the central bank.

Under this move which be-

comes effective also in fiscal

1991-92, the sale proceeds of

such shares would be repatri-

The ailing health of coun-

try's banking and financial in-

stitutions will cost the gov-

ernment in terms of lost rev-

enues in the form of dividends

and a couple of private sector

banks, no revenue receipts for

the government from other

commercial banks and finan-

cial institutions have been pro-

jected under the proposed

The earnings from the

banking and financial sector,

excepting Bangladesh Bank,

are estimated at a negligible

amount of Taka 12.25 lakh for

BANGLORE, June 27:

SAARC (South Asian Associa

tion for Regional Cooperation)

countries are likely to initiate

the process for becoming a

regional trade bloc at the

Colombo summit in November

Speaking to reporters here

vesterday, K K Bhargava, Sec-

retary General, SAARC, said

among the subjects that would

be discussed as a prelude to

the formation of the trade bloc

would be a regional Exchange

Rate Mechanism (ERM) to in-

sulate SAARC nations from

volatile international exchange

rates. A study would be con-

ducted by experts to discuss

Bhargava said trade financ-

TOKYO, June 27: Japan's

industrial production in May

surged 1.7 per cent from April

and 3.9 per cent from a year

carlier, the international Trade

and Industry Ministry said

The increase from the pre-

vious month, the second in a

row, was up sharply from

April, when the index of min-

ing and manufacturing grew

0.5 per cent from March and

3.8 per cent from a year ear-

The Ministry said industrial

production was expected to

decline in June before re-

bounding in July but warned

that future developments were

of London, the world's biggest

Wednesday, report AFP.

the modalities.

this year, reports PTI.

budget for 1991-92.

Barring the central bank 14.18 crore for the year.

SAARC trade body

likely this year

and profits.

able in free foreign exchange.

meeting. A number of other measures were also announced in the same package of incentives to encourage investments in capital market, liberalise foreign exchange management operations, induce more remittances through official channels and plug illegal transfer of Bangladeshis will be allowed to money in keeping with what per cent of total listed stocks the minister said "the global invest in shares through the wind of liberalisation" and the terms, annual transactions thrust of the government "for a greater market-oriented economic policy framework".

While the moves are welcome as props for capital market development and invest-

Ailing financial sector to

cost public exchequer

Star Economic Report

the forthcoming fiscal year.

The revised budget for 1990-

the same at Taka 46.25 lakh,

much short of the original

budgetary projection at Taka

Poor loan recovery perfor-

mance, higher provisions for

bad and doubtful debts under

the financial sector reforms,

and other recycling problems

have plagued the operations of

the financial institutions. Prof-

its of most banks and financial

institutions have been wiped

out. Listed banks with Dhaka

Stock Exchange failed to de-

clare any dividends for their

ing arrangements would also

be taken up to boost intra-re-

gional trade, which was at pre-

sent less than three per cent.

Such arrangements were nec-

essary if the SAARC nations

were to overcome the critical

foreign debt and balance of

payments problems, he added.

discussions with other regional

trade groupings such as the

European Economic Commu-

nity, the Association of South

East Asian Nations and Organ

with OPEC would receive pri-

ority since all SAARC nations

were net oil importers and

interested in stable oil prices

Countries(OPEC).

he said

Japanese industrial

production surges

isation of Petroleum Exporting

Discussions and cooperation

In the latest month, the

overall increase in industrial

output was accompanied by

rises in both producer ship-

ments and inventories

although the ratio of invento-

cent from April, reversing the

previous month's 1.7 per cent

decline, and were also up 2.1

per cent from a year carlier.

Inventories rose one per cent.

compared with 1.2 per cent in

shipments fell 0.1 per cent,

reversing the previous month's

increase of 0.3 per cent, but

last year.

was up 2.6 per cent from May

The ratio of inventories to

Shipments climbed 2.6 per

ries to shipments declined.

SAARC would also initiate

91 showed the receipts from

ment-supporting economic activities, the prevailing mood Dhaka Stock Exchange (DSE), the hub or the capital market, remains depressed. Transactions on its floor reflected a sluggish trend with hardly any strong recovery signs in the first half of the calender year, 1991. The market earlier witnessed a lackluster period in 1990.

And, the latest Annual Re-The decision about opening port of DSE, presented before the annual general meeting of its members on June 19 lest. provided ample indicators about this. The report showed that a total of 3.11 million shares, valued at Taka 197.58 million, were transacted on DSE floor in 1990.

> Total number of listed shares, mutual fund certifi cates and debentures with the Exchange stood at 161.37 million with their aggregate paidup value at Taka 5361.10 million on December 31, 1990. Aggregate share trading on DSE in 1990 involved only 1.9 in terms of volume. In value were about three per cent of total issued capital of all listed stocks at the close of 1990.

The low turnover rate reflected low liquidity of listed stocks as much as low investor

shareholders in 1990.

While the government's

own receipts in forms of divi-

dend and profit earnings by the commercial banks, both

public and private, and finan-

cial institutions will be only

marginal once again in 1991-

92, its revenue earnings from

Bangladesh Bank are projected

to shot up further. Such earn-

ings are estimated to rise Taka

12.20 crore to Taka 174.88

crore under the proposed

budget for 1991-92 from Taka

162.68 crore under the re-

tral bank were estimated at

Taka 115.82 under the original

budget for 1990-91. Thus,

higher amount of contributions

by Bangladesh Bank have more

than neutralised the impact of

lost revenues from both na-

tionalised and private com-

mercial banks and financial in-

Besides its ownership of the

nationalised commercial banks

and public sector development

finance institutions, the gov-

ernment has some equity hold-

made investments, totalling

Taka 1,737.13 crore, in four

government-owned or gov-

ernment-controlled commer-

cial banks (Sonali Bank-Taka

704.50 crore, Janata Bank-

Taka 410.05 crore, Agrani

Bank-Taka 412.34 crore, and

partly divested Rupali Bank-

Taka 210.24 crore) in 1990-

91 for their capital restructur-

ing matching their respective

tional basis, under the financial

Though there has been no

cash transfusion for such capi-

tal restructuring, the invest-

ments have been made in the

form of 15-year government

bonds. The bonds carry inter-

est incharges and, as such, will

have substantial budgetary

provides direct subsidies from

its revenue budget to the

banks for agricultural credit

interest remission, compensa-

tion on account of segregated

loans, and also compensation

of interest for priority sector

lending under the financial

revised budget for 1990-91

The proposed budget for

1991-92 estimates the same

Such subsidies stood at

subsidies at Taka 151.50 crore. conditions.

sector reforms.

Besides, the government

coast for the government.

total deposits, on a propor

sector reforms.

Meanwhile, the government | it.

stitutions.

enterprises.

The receipts from the cen-

vised budget for 1990-92.

confidence, caused widespread declines in the overall economy and poor corporate finance. Average daily turnover in 1990 valued at Taka 7,11,730.00, a sordid poor one by South Asian regional standard, not to speak of South East Asian and the Far East regions which witnessed a capital market boom in recent years.

The turnover rate in the stock exchange represents the volume of shares traded in a year as a percentage of total listed shares.

The share transactions on DSE increased by only 12 cent in 1990 compared with 25.15 per cent in 1989, according to the Annual Report of the Exchange. The downtrend in growth performance in trade turnover in 1990 was more striking because the number of listed companies with DSE rose to 134 in the year from 116 in 1989. Public offerings of new listed companies totalled Taka 421.9 million in

While the number of listed securities rose providing for a wider base for transactions. the actual trade turnover did not witness a matching growth in 1990.

About the dividend - the

NEW DELHI, June 27:

Leaders of private industry

welcomed Wednesday the new

were echoed by other industry

leaders, most of whom urged

the government to "move

forcefully" with P.N. Dhar of

the Institute of Economic

Growth cautioning that much

would depend on implementa-

his four-day-old government

The minister said Tuesday

But the flip-side of the aus-

terity drive would be to open

up the economy, break down

barriers to the entry of multi-

nationals into India, sweet

away red-tape and scrap sick

public sector units draining

Saying " the world will not

wait for India" if it took an

changes in the global economy

and China to the IMF's door

he also hinted strongly that

India would meet any IMF loan

ostrich-like attitude

the exchequer.

Taka 181.50 crore under the that had led the Soviet Union

Manmohan Singh.

payment designated by the board of directors of any listed company for distribution pro rata among the shares outstanding - of the companies, the Annual Report noted that only 27 paid dividends ranging from five per cent to 15 per cent in 1990.

Number of companies which paid dividends in the range of 16 per cent and 25 per cent was 17. Twelve companies paid dividends varying between 26 per cent and 40 per cent. Only two companies offered more than 40 per cent dividend. Ten listed companies in the banking sector did not pay any dividend in 1990. And again, all the twelve listed companies in the jute sector failed to to pay any dividend for the second consecutive year in 1990.

Poor dividend performance strategy. for most listed stocks with DSE in 1990 acted as a major constraint to the growth of its trading activities. The company performances were thus extremely poor for the second consecutive year in 1990.

Besides other organic and structural weaknesses of the exchange, the poor performances of the listed stocks explained for the sluggish activities of DSE in the last couple of years following the ap-

parent boom years of 1986 and 1987. The boom was however not a result of strong fundamentals and technicals in the market but was mainly attributable purely to speculation, government privatisation and some other changes in the industrial policy.

Meanwhile, the findings by a UNDP-funded study on Securities Markets in Bangladesh about privatisation policy through divestiture of shares have some strong relevance to the present context when the government is preparing for the next phase of privatisation. The report of the study was prepared in August 1990. It suggested that the government should "relook" its privatisation policy of 49 per cent of its equity in some public sector enterprises and adopt a new

49% privatisation and 51% holding company is not neces- Tuesday, reports AFP. sarily the best strategy. The government ought to reduce its own ownership to 20-25% and also have a reduced role in management and operations This will increase the supply of securities in the market and make management more efficient and accountable".

Snippets :

Higher oil prices forecast

LAUSANNE (Switzerland), June 27 : OPEC Secretary General Subroto on Wednesday forecast higher oil prices in the second half of 1991 even if the UN Security Council lifts sanctions on Iraq, report AP.

Subroto told reporters the price rise was expectable because Iraq would still be requiring permission from Saudi Arabia, Syria and Turkey to transport its crude through these countries.

All three were members of the anti-iraq coalition during the last Gulf war. Before the war, Iraq was the third biggest producer among the 13 na tions in the Organization of Petroleum Exporting Coun-

\$336m trade deficit in France

PARIS, June 27: France had foreign trade deficit of 2.02 billion Francs (336 million Dollars) in May, up from a It said: "Present policy of deficit of 1.87 billion (311 mil lion Dollars) in April, accord government ownership in a ing to figures released here

Exports fell to 98.83 billion Francs from 102.46 billion in April, while imports shrank to 100.85 billion Francs from 104.34 billion, the seasonally adjusted figures showed.

PIA takes delivery of first airbus

TOULOUSE (France), June 27: Pakistan International Airlines (PIA) has taken delivery of the first of three passenger jets it ordered from the European Consortium Airbus Industries, it was announced here Wednesday, reports AFP.

The A310-300 handed over to the Pakistani Airline at Toulouse on Tuesday joins the eight airbus A300-B4 planes already in service with PIA.

US GNP falls

WASHINGTON, June 27: The Gross National Product (GNP) in the United States fell at an annual rate of 2.8 per cent in the first quarter of this Commerce the Department reported Wednesday, reports AFP.

At the end of May, the Department had estimated the GNP slump from January to March at 2.6 per cent.

High price paid for letters to little girl

LONDON, June 27: A collection of 29 letters written by author Lewis Carroll to a little girl named Agnes Hull sold for 126,500 Pounds (206,000 Dollars) on Wednesday, four times the pre-sale estimate. Christie's said, reports AP.

-Star photo

The seller was unidentified and the buyer also requested anonymity.

Security to protect shareholders' meet

TOKYO, June 27: More than 6,000 Japanese policemen will be deployed to ward off disruptions at company shareholder meetings later this week. Japan's National Police Agency said on Wednesday, reports

Reuter.

"We decided to send a total of 6,005 policemen on requests by many companies. We also fear gangsters might disturb the meetings," spokeswoman for the Agency

Accord on free trade zone failed

SALZBURG, June 27: European Ministers failed to resolve disagreements over fishing and trans-alpine transport which are blocking an agreement on a free trade zone and account for 47 per cent of during two days of talks which ended here Tuesday, reports

> The European Community and the European Free Trade Association (EFTA) simply said after the talks that the disputed issues had been referred to groups of experts.

Exchange Rates

Commercials Banks, for Bank Cheques. (BCs) and Overseas Drafts (ODs) One Unit of Foreign Currencies (FCs) for Take

FCs	Selling	Buying	
US Dollar	35.9226	35.4432	
UK Pound Sterling	58.5376	57.8243	
German Deutsche	20.0271	19.7488	
Marj			
French Franc	5.8996	5.8189	
Saudt Riyal	9.6101	9.4819	
Dutch Guilders	17.7791	17.5331	
Pakistan Rupee	1,4730	1.4591	
(AMU*)			
Stngapore Dollar	20.3148	20.0436	
UAE Dirham	9.8141	9.6831	
Kuwait Dinar	N	ot available	
Indian Rupee			
AMU	1.7098	1.6935	
S. Kroner	5.5368	5.4587	
*AMU-Asian Moneta	ry Union		
		AP WANTS	

dustry sources say Lloyd's now seeks better tax treatment to encourage the building of re-

Lloyd's said the 1988 losses

more than 100,000 Pounds each from syndicates with losses in 1988. Others face

Their predicament fuelled controversy this month as Lloyd's lobbied the government to give its members extra tax relief.

bankruptcy.

This was refused, and in-

Insurance claimspush Lloyed's of London into red Their personal wealth must were made worse by syndimeet losses if necessary. Some have already received bills of

slumped Monday on indicagovernment's plan to use the 72 billion Dollar foreign debt current debt crisis to open up tions that the government and declining credit worthiings in private sector banking | India's economy while opposiness overrode all other conwould unveil an austerity bud get in July, reacted nervously tion parties predictably flayed siderations, and that economic recovery could only be ex-Tuesday to Singh's statements. But the dramatic slide appected in three years. "If the government sets the peared to have been arrested India's new government will pace, industry will reciprowith the Bombay Stock Excate," Hindustan Construction use its current debt crisis to embark on a programme of change Sensitivity Index Corp. Executive Aiit Gulabchand said of the plan outlined shedding only 3.48 points structural change, slash bureaucratic controls and revise compared to 56.39 Tuesday by Finance Minister its hostile attitude to multina-"The right message", said Gulabchand's comments The Economic Times in ar

Singh in his maiden press bank Governor Mamohan

Singh told conference.

India's stock markets which

editorial summing private in

dustry reaction to the gov

ernment plans. "We have to

give up the shibboleths of the

tionals, the minister said. "Our objective is an efficient and internationally competitive economy and whatever comes in the way has to go, "Finance

Though prohibited under labour law this minor girl is working full time in a garment

Plan to use debt crisis to open

up India's economy welcomed

conference Tuesday said the

economic crisis, the crippling

factory in Dhaka city. The employer has hired her labour at the minimum price possible.

Minister and former Central

past and wake up". Affluent working women main buyers of gold

VEINNA, June 27: The as its main customers, reports

Officials of the World Gold Council (WGC), the promotional body for gold mines in 14 countries, say women in developed countries account for about three quarters of all purchases of gold jewellery.

World gold production last

cent of all women in Europe gold purchases.

sented in urban areas in "Trend-setters" are inde-

pendent, original, creative and interested in personal fulfill ment rather than success, said Sylvia Ruschewehy, WGC Market Research Manager for Europe and the Middle East.

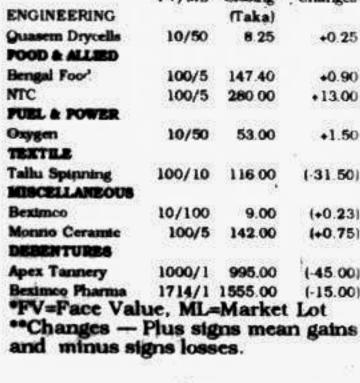
"Strivers" live life in the fast lane, are competitive, want in stant gratification and have a hectic social life. Looking good is important. Both look for pleasure and the quality of life.

would slash government The WGC plans to focus spending and go ahead with world gold industry is targetmarketing efforts on the plans to seek an International ing affluent working women in "trend-setters" and "strivers" Monetary Fund (IMF) bail-out developed countries - known which together include 30 per loan to help pay off crushing as 'trend-setters' and 'strivers' short-term loan commitments.

Reuter.

year totalled about 2,200 tones, roughly equal to demand, and jewellery accounted for about 1,800 tonnes of that, Clem Sunter, Executive Director of South Africa's Anglo American Crop, estimated re-

They are particularly repre-France, Italy and Spain.



uncertain.

LONDON, June 27: Lloyed's

Dhaka Stock Exchange Market Profile June - 27 134 Listed Stocks Three losers 125 Unchanged Six gains

DSE All Share Price Index = 293.8707 Issued Capital=Taka 10,146,289,601.00 Market Capitalisation = Taka8,397,431,717.00 Turnover = Taka 64675,00 (Value) 675 (Volume). insurance market, said on Wednesday the Piper Alpha Oil Rig Disaster and claims for pollution and asbestos pushed it into the red for the first time in 21 years in 1988.

Lloyds reported a record 509.67 million Pounds Sterling (831.8 million Dollars) hole in the profits of its 400 syndicates and warned of more to come.

"The market's results for 1988 show our first overall loss for 21 years and further losses are expected for the 1989 and 1990 accounts," Lloyd's chairman David Coleridege said.

He said the losses were also due to depressed insurance premiums, and warned of a rocky futurer unless Lloyds was able to better match risks to premiums.

"If we fail to return a profit fied the law of averages". to our capital base - be Lloyds names or insurance company shareholders - we shall simply and collectively cease to ex- market's risks. ist." Coleridge warned.

figures are posted three years in arrears to allow time for claims to come in. a 509.16 million Pound (831

million dollars) profit in 1987. Coleridge said since 1987 "the world's insurance industry has experienced a three-year period of catastrophes and resulting claims which have de-The losses are borne indi-

vidually by 26,500 members, or names, who underwrite the To join, names must have at The market's profit and loss least 250,000 Pounds

(408,000 dollars), excluding the value of their home, and can underwrite premiums of Lloyd's was expected to up to two million Pounds (3.3) post a large loss for 1988 after million dollars) with unlimited

cates adding an extra 577.7 million Pounds (943 million Dollars) to reserves in 1988, after 424.8 million Pounds (693.4 million Dollars) in 1987, against future possible claims on liabilities from past accounting years. The unsettled liabilities are

on industrial pollution and asbestos policies, mostly in the US and written decades ago. Some industry sources estimate an environmental clean up ordered by the US government will cost around seven billion dollars.

June - 27 SELLING AND BUYING RATES, offered by

- 1	The state of the s			
Ü	French Franc	5.8	996	5.81
	Saudt Riyal	9.6	101	9.48
n	Dutch Guilders	17.7	791	17.53
ľ	Pakistan Rupee	1.4	730	1.45
y	(AMU*)	270000-0		
	Singapore Dollar	20.3	148	20.04
	UAE Dirham		1141	9.68
	Kuwait Dinar		Not avail	
	Indian Rupee			
į	AMU	1.7	1.7098	
	S. Kroner	5.5	368	5.45
	*AMU-Asian Mo	netary Un	ion	
	SECONDARY E			ET
	Wage Earners Fo			
	Performance			Fu
	#E539697/870		Buying	Sell
A	US Dollar		36.48	36
	UK Pound		59.46	59
١	Sterling			
١		259	0.00	

Saudt Riyal UAE Dtrham The rates of Pound Sterling are decided every day a based on the cross rates of New York market

Source: Sonalt Bank