

Uniform price, buffer stock of local fabrics stressed

Bid to salvage specialised textiles, power looms

By Shahiduzzaman Khan

Government is contemplating a comprehensive survey on the condition of the specialised textiles and power looms. A set of recommendations, prepared by a working committee, is being examined in order to salvage the sick industries, official sources say.

The suggestions, put forward by the working committee, envisage both short-term and long-term solutions of the problems being faced by the textile sector, especially specialised and power looms. The members of the working committee comprised representatives from National Board of Revenue, Bangladesh Bank, Finance Ministry, Industries Ministry, Textile Ministry and Commerce Ministry.

The working committee recommendations say the Development Finance Institutions (DFIs) will ensure necessary funds for the specialised textiles treating these units as small industries. The viable looms of these mills should be identified through back-process. The financial institutions should also fund setting up of sizing machines in certain areas where there are large concentrations of the mills without the facility of such machine.

All units should get the equal facilities of getting special customs duty rate, debt equity ratio, percentage of bank credit ratio both inside BSCIC estate or outside.

The recommendations also say the debt-equity ratio should be made 80:20 per cent with effect from 1986 and the surplus money should be treated as current capital or payment of debt. The banks had given loans on 70:30 and 60:40 ratio earlier.

After the announcement of industrial policy, bank interest rate was reduced to 10 per cent for the industrial units from 14 per cent earlier. The committee recommended that these two different rates should be made uniform.

The committee also recommended that the banks should provide the specialised textile mills and power looms with current capital for their proper functioning. The excise duty on the imported yarn of 81 counts or more should be reduced to 10 per cent from 20 per cent.

Steps must be taken to prevent leakage of duty-free fabrics into open markets which are imported for use in the garments industry. The law enforcing agencies should take appropriate measures.

Besides, the committee also recommended some long-term measures. In one of the suggestions, the committee says a survey should be made to ascertain the number of ailing mills which could be re-juvenated. The viable units could be identified through back process, the committee says.

The local quota for the readymade garments was fixed and the government says there is a move to increase this quota. Since both the readymade and specialised textile sectors are in the private sector, the committee feels that both the sectors should cooperate each other in increasing the use of local fabrics through proper linkage.

The Export Promotion Bureau (EPB) has already agreed to encourage the enhancement of local fabrics quotas. An inter-ministerial agreement on the issue is necessary, textile circles say. The ministries involved in the sector are Ministries of Textile, Commerce and Industries.

Colonel (Retd) Selimuddin, President of the Specialised Textiles And Power Looms Association told The Daily Star that under the present condition, there is little scope for improvement of the whole situation.

He said there are certain loopholes in the government policies and thus imported fabrics were getting increased ways to the local markets.

He said standing requirements on six items have been given by the government but there was no requirement given in 22 other items of the garments industry which, according to him, could easily be made. He said there is widespread scope of manipulations here.

Manzur Morshed, another specialised textile mill owner said there is no logic behind imports of sheeting, pocketing and interlining fabrics because better quality fabrics are produced in Bangladesh. Only things which need to be done are to work on a uniform price structure and build a buffer stock of locally produced fabrics so that the garments industry owners do not suffer from quality and time constraints.

He said the persons behind patronising the local markets through imported fabrics are reaping a huge benefit illegally. Some influential quarters are failing to check this trend and creating obstacles to government's industrialisation policy, he added.



TOKYO: A floor dealer shows a selling sign to his colleagues as other dealers rush a counter at the Tokyo Stock Exchange February 22. The Nikkei Index rose 240 yen the first 30 minutes of trading, but ended the morning session at 25,992.17 Yen down 32.20 Yen as investors were uncertain the Iraqi reply to the Soviet peace plan would lead to peace. Photo AFP/UNB.

Breakthrough on agriculture Uruguay Round talks in offing

GENEVA, Feb 22: Trade negotiators held meeting on Thursday to restart the Uruguay Round of talks on liberalising global commerce following a breakthrough on agriculture, reports Reuter.

The Director-General of the General Agreement on Tariffs and Trade (GATT), Arthur Dunkel, plans to set out a programme of work for all areas of the Uruguay Round, which trade officials hope will increase world trade, lower prices and create jobs.

Dunkel now intends to restart the round formally next Tuesday following a series of meetings on trade sectors other than agriculture.

A dispute over farm subsidy cuts had frozen the 108-nation negotiations until agreement was reached on Wednesday on how to proceed.

The trade talks, held under the auspices of the GATT, the Geneva-based world trade forum, began in 1986.

On Thursday morning Dunkel presented to diplomats his ideas for resuming efforts to bring the 700 billion Dollars annual trade in services under GATT rules. In the afternoon, he discussed anti-dumping rules, subsidies and other government measures that affect trade.

On Friday he will hold meetings on patents and copyrights, investment rules, such as requiring a certain portion of automobile components to be made locally, and how to political problems that are necessary before a final package can be concluded, one official said.

One factor that will continue to delay political decisions is a wide gap over how deep the farm subsidy cuts should be, even though it was a breakthrough to agree to make cuts in three areas.

LC margin lowered

Star Economic Report

The commercial banks have lowered the margin requirement levels for opening import Letters of Credits (LCs).

'Margin' represents the portion of funds against the total value which the importers have to deposit with the banks at the time of opening LCs. The remaining portion, depending on margin requirements for different categories of imports, can be financed by the banks as credits to the importers.

The new margin rates came into effect from February 19. The move is aimed at reactivating the import activities which slowed some slacks in recent months.

Under the new arrangements, importers in the commercial list can open their LCs after depositing 25 per cent of the value of imports as margin. Earlier, the rate was 50 per cent.

For the industrial importers, margin requirements have also been relaxed. Commercial banks will be free to decide their margin requirement levels depending upon their relations with the clients on a case-by-case basis.

\$500 m Japanese loan to Syria likely

TOKYO, Feb 22: The Japanese government is likely to extend 500 million Dollars in loans to Syria in March in its third major aid package to help countries affected by the Gulf crisis, the Nihon Keizai Shimbun said Wednesday, reports AP.

The leading financial daily, quoting government sources, said the loans to Syria would carry a low annual interest rate of between two and three per cent and would be used to fund the construction of a thermal power plant in northern Damascus.

UK recession confirmed

LONDON, Feb 22: Britain's economy shrank for a second quarter in a row in the last three months of 1990, the government said Wednesday, confirming that the country is in a recession, reports AP.

Britain's gross domestic product (GDP) as measured by the output of goods and services, fell 0.9 per cent in the fourth quarter 1990 from the third quarter, the Central Statistics Office said.

Japan grants \$45,283 for schools

Japan will provide a grant aid of 45,283 US Dollars for extension and rebuilding of three schools of Gonoshahajjo Sangstha under scheme of the Japanese government, according to an embassy press release in Dhaka on Wednesday.

Mr Tetsuo Ito, Minister of the Japanese Embassy and Mrs Shameshara Hasan, Head of Primary Education Programme of Gonoshahajjo Sangstha, signed the contract to this effect in Dhaka on Wednesday.

The project aims at extension and rebuilding of three school buildings at Guderghat Primary School in Dhaka, Senerber Primary School in Paigha Upazila in Khulna and Rupsha Primary School in Khulna city.

When completed, the number of children to be taught in these schools will go up to 1300 from the present 200.

Beef stocks up in Japan

TOKYO, Feb 22: Imported beef stocks held by Japan's Livestock Industry Promotion Corp came to 55,082 tonnes at the end of January, up 15.6 per cent over the previous month, the price-regulatory corporation said Wednesday, reports AP.

Corporation officials attributed the rise to a reduction in the amount of imported beef released by the Corporation in order to prevent prices from falling.

Norway's bank losses \$223m

OSLO, Feb 22: Den Norske Bank, Norway's biggest commercial bank, Tuesday reported a net loss of 1.292 billion Crowns (223 million dollars) in 1990, its first year of operation, reports AP.

Confirmed and expected losses totalled 3,802 billion Crowns (655 million dollars).

Row over Italian bank loan to Iraq

WASHINGTON, Feb 22: Blunders by Federal Bank regulators helped Iraq get billions of Dollars in loans from an Italian bank operating in the United States, a US lawmaker said on Thursday, reports Reuter.

Henry Gonzalez, Chairman of the House of Representatives banking committee, told Congress that loans to Iraq by the Atlanta, Georgia, office of Banca Nazionale Del Lavoro (BNL) were "a sensational bank fraud and regulatory blunder."

The Texas democrat, who has led a probe of the BNL affair, said the bank lent three billion Dollars to Iraq without reporting the loans to its Rome headquarters, the US Federal Reserve Board or State Banking officials.

BNL also helped upgrade Iraq's military and was a major source of agricultural financing for Iraq, Gonzalez said in a prepared statement to the House of Representatives.

He said the investigation revealed BNL was an important source of funds for an Iraqi-controlled network of front companies in the US and Europe. These firms procured western technology for export to Iraq, which was often diverted to military uses.

BNL also financed the sale of more than 850 million Dollars in US agricultural products and "about 720 million Dollars of that amount was guaranteed by the US Department of Agriculture's Commodity Credit Corporation," Gonzalez said.

In 1990, before Iraq's invasion of Kuwait, the Agriculture Department Limited Iraqi credits to 500 million Dollars due to possible irregularities in the government-guaranteed farm loans.

Japanese economic growth slows

TOKYO, Feb 22: The Japanese economy continued to expand in February to enter its 51st consecutive month of growth, helped by active consumer spending and strong corporate capital expenditure, the Economic Planning Agency said Friday, reports AP.

The Agency, in its monthly economic report quoting previously available figures, said however, that the pace of economic expansion has been slowing.

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'Names in English to cheat buyers of cosmetics'

By Staff Correspondent

The consumers of various brands of locally produced toothpastes and cosmetics are being deceived regularly as the names of these products are printed in English on the packets.

Consumers Association of Bangladesh (CAB) has alleged in a press release on Tuesday that 77 per cent of the toothpaste and cosmetic packets have their brand names printed in English instead of in Bangla despite the fact that these products are solely for sale in the home markets.

CAB complained that the consumers were being cheated as most of them were unable to read the instructions on the packets which also appeared in English.

It also said that in many cases these products were also being passed off as foreign goods at much higher prices.

Obituary

Md. Amjad Hossain, member, Executive Committee of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) died of a massive heart attack at Suhrawardy Hospital on Wednesday.

The deceased was the President of Rajbari Chamber of Commerce and Industry. He, was associated for long with the activities of the FBCCI.

Al-haj Md. Anam Hossain, President, FBCCI and other members of the Executive Committee of the Federation, expressed deep condolences over the untimely death of Amjad Hossain.



\$1667m LCs in 6 months Chambers to help frame industrial policy

New Import Letters of Credits (LCs), valued 1667.23 million US Dollars were opened in six months up to December, 1990, according to the latest available figures from Bangladesh Bank.

The amount was 235.48 million Dollars lower than comparative figure in the same period in 1989.

The shortfall would be higher if the value of import LCs under back-to-back arrangements for export-oriented garments industry was excluded.

In July-December 1990, import LCs (excluding back-to-back operations) valued 1388.80 million Dollars compared with 1656.43 million Dollars during the same period in 1989.

Excluding back-to-back operations, the outstanding LCs, reflecting the pipeline position of imports, valued 1263.68 million Dollars in first half (July-December) of fiscal 1990-91. The comparative figure in fiscal 1989-90 was 1528.72 million Dollars.

New LC openings in July-December 1990 were 220.85 million Dollars for Petroleum, Oil and Lubricants (POL), 1.54 million Dollars for foodgrains, and 1368.80 million Dollars for non-POL and non-food items. The comparative figures for July-December 1989 were 140.80 million Dollars for POL, 26.58 million Dollars for foodgrains, and 1489.05 million Dollars for non-POL and non-food items.

In local currency, the value of import LC openings between July and December 1990 was Taka 4864.05 crores compared with Taka 5338.68 crores during the corresponding period in 1989. Taka, in mention, was depreciated by about ten per cent in relation to its intervention currency, US Dollar, between March and December, 1990.

The sources of funding for LCs opened in first half of current fiscal year were: Taka 180.92 crores under cash, Taka 1561.99 crores under loan/barter, Taka 3121.14 crores under Wage Earners Scheme (WES)/Secondary Exchange Market (SEM).

The opening position of import LCs at the beginning of current fiscal year on July 1 was at Taka 5327.59 crores.

While new LC openings valued Taka 4864.05 crores between July and December, settlements and cancellations of LCs stood at Taka 5669.89 crores in same period. This gave the closing balance, relating to import LCs, on December 31, 1990 at Taka 4522.73 crores. This compared with Taka 5624.95 crores on December 31, 1989.

Star Economic Report

Different aspects of the draft Industrial Policy-90 was discussed at a meeting held in Dhaka on Wednesday with Presidential Adviser for Industries, Jute and Textiles, A. K. M. Musa, in the chair, reports BSS.

Representatives of various chambers who attended the meeting presented their opinions on the remarks of the World Bank about the draft Industrial Policy, a PID hand-out said.

The meeting resolved that like industrial policy participation of different chambers as representatives of private sectors needed to be ensured during adoption of any policy of the government.

Planning Adviser Prof. Rehman Sobhan was present on the occasion.

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Market Prices of Listed Shares and Debentures with Dhaka Stock Exchange.

At the close of trading before on February 14 and February 20, 1991, weekends

Company	EV/ML*	February		1990-91	
		14	20	High	Low
		Taka	Taka	Taka	Taka
BANKS (Ten)					
Al Baraka Bank	1000/1	966.00	966.00	1135.00	960.00
A.B Bank	1000/5	135.00	140.00	255.00	135.00
City Bank	100/5	186.75	195.00	240.00	160.00
I.F.I.C	100/5	144.00	143.12	235.00	140.00
Islami Bank	1000/1	1020.00	1020.00	1122.00	925.00
National Bank	100/5	112.00	109.00	145.00	102.00
Pupali Bank	100/5	96.00	96.00	115.00	90.00
Rupali Bank	100/10	79.00	85.00	130.00	75.00
U.C.B.L	100/5	130.00	130.00	155.00	130.00
Uttara Bank	100/5	209.00	209.00	240.00	-
193.00 INVESTMENT (Eight)					
I.C.B	100/5	90.00	90.00	100.00	90.00
1st ICB M.Fund	100/5	405.00	405.00	575.00	450.00
2nd ICB Fund	100/5	170.00	175.00	220.00	170.00
3rd ICB M. Fund	100/5	146.00	150.00	173.00	143.00
4th ICB M. Fund	100/5	136.00	139.00	161.00	133.00
5th ICB M. Fund	100/10	117.81	121.00	142.00	115.00
6th ICB M. Fund	100/10	89.58	88.00	104.00	85.00
ICB Unit Cert.	-	-	-	-	-
Sales Price	-	126.00	126.00	-	-
Re-purchase	-	121.00	121.00	-	-
INSURANCE (Four)					
BGIC	100/10	104.00	104.67	115.00	104.00
Green Delta	100/10	105.00	105.00	122.00	104.50
Peoples	100/10	109.00	108.00AL	110.00	108.00
United	100/10	109.00AL	109.50	116.00	105.00
ENGINEERING (Nineteen)					
Altah Automobiles	100/5	194.00	194.15	232.00	194.00
Atlas Bangladesh	1050	38.50	39.14	48.00	35.50
AZZ Pipes	100/5	225.00	218.00	250.00	180.00
Bangladesh Autocare	100/5	122.00	115.00	157.00	114.00
Bangladesh Lamps	100/5	230.06	230.00	365.00	230.00
B.Thal Aluminium	100/10	78.00AL	82.50	110.00	75.00
Bengal Carbide	100/5	400.00	400.00	450.00	320.00
Bengal Steel	10/50	18.00	18.00	-	-
Eastern Cables	100/5	83.00	90.00	99.00	78.00
Howlader PVC	100/10	105.50	115.00	112.00	103.00
Karim Pipe	100/5	116.50	115.00	139.00	115.00
Metalex Corp.	100/5	77.00	75.87	113.00	77.00
Monno Staffers	100/5	250.00	250.00	250.00	250.00
Monno Jute	100/5	400.00	400.00	-	-
National Tubes	100/10	115.00	116.50	122.00	102.00
Panther Steel	10/50	6.00	6.00	-	-
Quasem Dyrclis	10/50	7.75	7.75	9.30	7.25
Renwick Jaineswar	100/5	51.00	56.00	75.00	40.00
Singer Bangladesh	100/51	150.00	115.00	115.00	115.00
FOOD & ALLIED (Twenty one)					
A.B Biscuit	100/5	200.00	200.00	290.00	200.00
Alpha Tobacco	10/50	48.00	48.00	48.00	48.00
Anan Sea Food	100/5	36.00	36.00	40.00	36.00
Apex Food	100/5	300.00	300.00	310.00	260.00
Aroma Tea	100/5	45.00	45.00	52.00	45.00
Bangas	100/5	305.00	305.00	-	-
Bengal Food	100/5	173.79	175.00	255.00	170.00
B.L.T.C.	100/5	600.00	600.00	600.00	600.00
B.T.C.	10/50	83.00	83.00	83.00	80.00
Cig. Vegetable	100/10	95.00AL	95.00AL	111.00	90.00
E.L. Cernella	100/5	700.00	700.00	700.00	500.00
Frogleg Export	10/50	4.00	4.00	8.00	4.00
Gemini Sea Food	100/5	100.00	100.00	100.00	100.00
Modern Industries	100/5	130.00	130.00	130.00	120.00
M.T.C	100/5	240.00	240.00	350.00	140.00
Rabeya Flour	100/10	NT	NT	-	-
Rupan Oil	10/100	6.50AL	7.08AL	9.25	6.50
Tulip Dairy	100/10	105.00AL	105.00AL	105.00	101.00
Yeasuf Flour	10/50	NT	NT	-	-
Zenl Bangla	10/50	8.00	8.25	10.00	7.40
FUEL & POWER (Three)					
Padma Oil Co.	10/50	45.00	42.00	47.00	45.00
Eastern Lubricant	10/50	14.00	14.00	-	-
Oxyten	10/505.	51.00	53.00	90.00	50.00
JUTE (Twelve)					
Alfad Jute	100/10	NT	NT	-	-
Anowara Jute	10/50	NT	NT	-	-
Delta Jute	10/50	8.50	8.50	-	-

FV = Face Value ML= Market Lot
 NT= Not Traded, AL= Allotment Letter
 XB= Ex.Bonus/ XD= Ex. Dividend