

Exemption of farm loans up to Tk 5,000 Banks likely to suffer losses of Tk 1,400 cr

By Shahiduzzaman Khan

Banks may suffer net losses of Tk 1,400 crore for implementing government decision to exempt agricultural loans up to Tk 5,000. Bangladesh Bank sources say.

Government is actively considering to 'write off' half of the losses of the banks. For the losses of the rest half, government will support the banks' liquidity crisis by floating debentures.

The affected banks are Sonali, Janata, Agrani, Rupali, Uttara, Krishi Bank and Rajshahi Agricultural Development Bank. The Bangladesh Cooperative Bank Ltd and credit schemes of Bangladesh Rural Development Board will also fall under the decision.

The decision to exempt agricultural loans was taken at a Cabinet meeting on April 4, 1991. Farmers' loans up to Tk 5,000 and the interests accrued will be exempted. BNP government made commitment before the election about

the loan exemption. Bangladesh Bank issued a circular about the exemption to all banks on June 16. Banks were thus officially notified after two and a half months after the decision was taken by the Cabinet.

The circular said, agricultural loans up to Taka 5,000 with interests taken up to March 1, 1991 will be exempted. Finance Ministry's guidelines, directives and conditionalities for implementing government decision were adequately mentioned in the circular.

The circular said, all the farm loans up to Tk 5,000 taken till March 1, 1991 and the interests accrued on it will be exempted. Those loans exceeding Tk 5,000 and remains below it after paying some instalments will not get the facilities of exemptions.

Concerned banks will inform the defaulting farmers about their exemptable loans and return the deeds taken as security to them. The exemp-

tions will not be applicable if loan cases are found to be erratic, false and not based on facts.

The circular says, any farmer found to have taken three loans at a time and the total amount is within Tk 5,000 will get exemption benefit. But cases of the total amount exceeding Tk 5,000 will not be considered.

The present arrangement of exempting 50 per cent interest on general loan and 100 per cent on penal interest will continue subject to close scrutiny of each agricultural loan case. This will need approval of the Board of Directors of the concerned banks, the circular says.

The farmers whose loans have been exempted under the conditions laid down in the circular will be allowed to take fresh loans from the banks. Certificate cases issued against them will also be withdrawn, the Bangladesh Bank circular says.

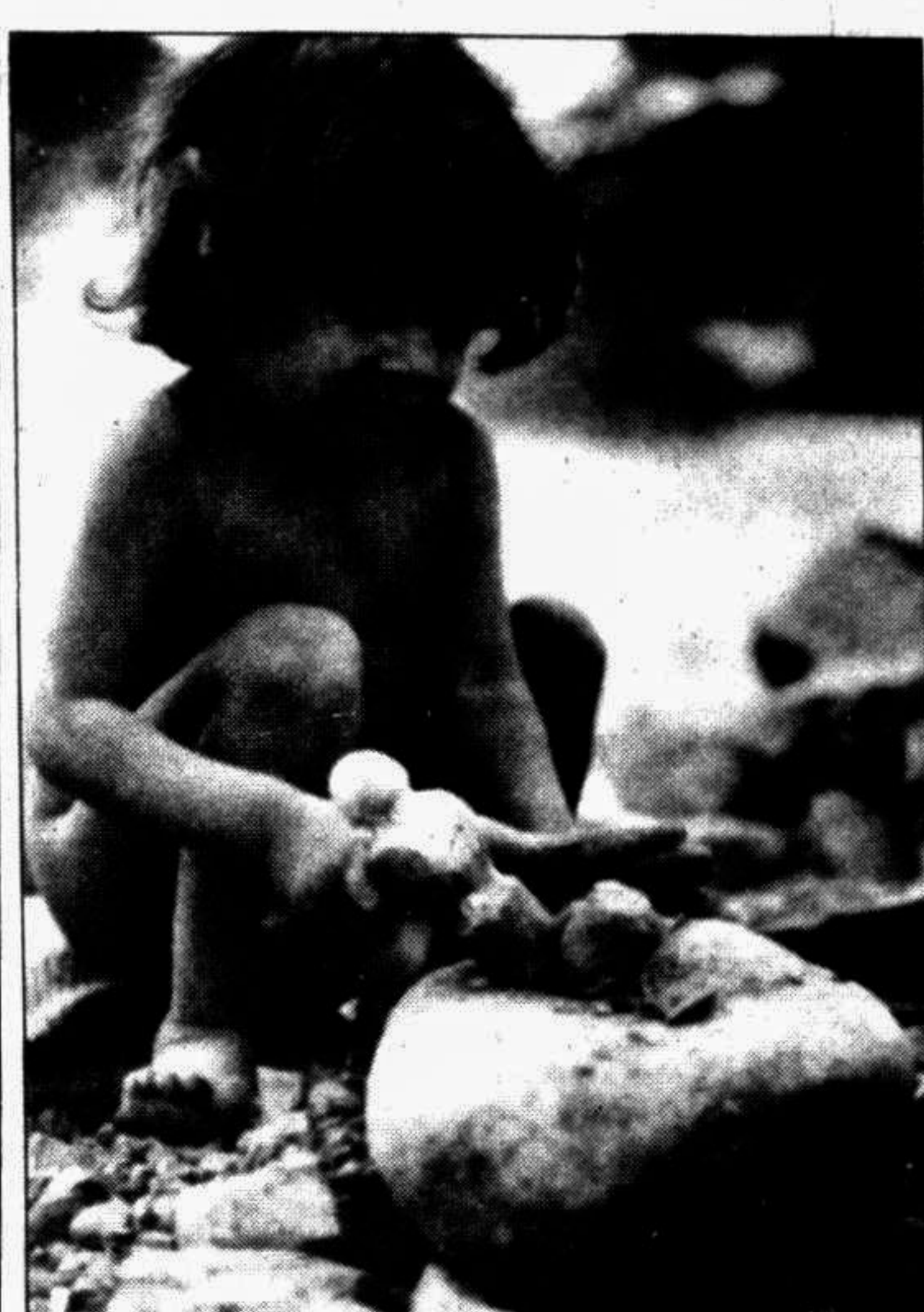
VAT to hit small industries, says ex-FBCCI chief

Star Economic Report

M S Islam, former President of Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) in a statement on Friday said the proposed budget has created fear in the minds of the small businessmen and entrepreneurs by imposing Value Added Tax (VAT).

He said this new tax system was planned to be imposed by the autocratic regime of Ershad. The autocratic government imposed excise duty on some products of small industries in 1989-90. But after failing to realise the duty in the face of strong protest the government tried to impose VAT according to the recommendation of a special committee. But this move was not successful due to political reasons, he stated.

He said that although Bangladesh is lagging far behind in industrialisation, its small and cottage industries are meeting up the local demand of the people, thus saving valuable foreign currency. The limited capital owners of the small industries will be hit hard due to this VAT, he added.



Survival is like a solid rock to this infant. With her weak hands she is trying to break stoned into chips for use in construction. Thus the baby supplements to the income of her poor family.— Star photo by Safiuddin

France-Iran financial row likely to end

TEHERAN, June 28: A 12-year financial dispute between France and Iran will "take sometime" to settle but negotiations are "continuing on satisfactory lines," a senior Iranian official has disclosed, reports AFP.

"We agreed on a number of points, but negotiations are still continuing. Of course, it will take sometime before signing" the accord, Iranian Deputy Foreign Minister Mahmoud Vaezi, who is leading the negotiations for Iran, said in a telephone interview with the Tehran Times published Thursday.

"Preparations for the final documents are continuing on satisfactory lines and we hope that in the further signing ceremonies will be held," he added.

Vaezi said that Iranian Foreign Minister Ali Akbar Velayati's visit to Paris, scheduled for Wednesday, had been postponed because "a few points are still to be thrashed out."

Until Wednesday, reliable sources here and in the French capital had been confident that the Foreign Minister would travel to Paris from Geneva to sign the accord that day.

Snippets

Dollar firms, gold prices unchanged

NEW YORK, June 28: The Dollar firmed Thursday against major currencies except the Yen, after the Bundesbank announced it would not alter interest rates, and the United States reported a strong hike in May consumer spending, reports AFP.

The Dollar was traded at 1.7953 German Marks up from 1.7875 one day earlier, and at 137.90 Yen down from 138.30. The Dollar opened at 1.7940 Marks and at 138.20 Yen.

Gold prices remained unchanged at 366 Dollars per ounce.

The US currency also gained ground against their major European currencies, rising to 6.0900 French Francs from 6.0690 one day earlier, to 1.5500 Swiss Francs from 1.5480, and to 0.6125 Pounds Sterling from 0.6105.

101,000 Norwegians jobless

OSLO, June 28: A total of 101,000 Norwegians were registered as fully unemployed by the end of June, up 12,000 from May and taking the unemployment rate to 4.7 per cent, the State Directorate of Labour said on Thursday, reports AFP.

It warned that the number of jobless would rise further next month as students leaving university come onto the job market.

Mass privatisation move in Poland

WARSAW, June 28: The government announced Thursday it plans to transfer one-fourth of all state industry to private hands within six months by giving stock to every adult citizen, reports AFP.

Under the plan, which must be approved by Parliament, five to 20 stock funds will be created and run under the auspices of foreign investment management companies, and adult Poles will be granted a share in every fund.

Majority ownership of 400 large and medium-sized state enterprises will be transferred to the stock funds by the beginning of 1992, the government said. Shares will be freely traded by spring of 1993.

Privatisation Minister Jantusz Lewandowski said the mass privatisation plan would be the 'largest' ever implemented.

World's top soda ash producer

SYDNEY, June 28: Australia's Penrice announced Wednesday that it would become one of the world's top five producers of soda ash following a 90 million Pound Sterling (147 million Dollar) deal with the giant British-based Conglomerate ICI, reports AFP.

Penrice, a private company, is to purchase British-based ICI soda ash products and the Magadi soda company in Kenya, which have a combined turnover of 150 million Pounds (about 244 million US) and employ 1,870 people.

The British and Kenyan operations are to trade under the new name. The combined companies would now be among the top five soda ash producers in the world, with production at the three operations totalling more than 1.7 million tonnes a year, Director Stephen Smith said in a statement.

Liverpool Port wins \$3.2m contract

LONDON, June 28: The port of Liverpool has won a two million Pound (3.2 million Dollars) contract to re-open the Kuwaiti ports of Shuaiba and Shuwaik, it was announced here Wednesday, reports AFP.

A 19-member team of specialists from the northwest England Port's consultancy branch, Portia Management Services (PMS), will assist the state of Kuwait ports public authority in reopening the ports damaged during the Gulf war and in training personnel for a year from July.

Moelleman stands by threat to resign

BONN, June 28: Economy Minister Juergen Moelleman said on Wednesday that he stood by a threat to resign in two weeks if Germany's coalition government fails to agree a 9.9-billion-Mark (5.56-billion-Dollar) cut in subsidies for the western part of the country, reports AFP.

He told reporters that an all-party working group had agreed on the cuts, but he warned he would quit if the cabinet failed to include the reductions in its draft budget for 1992 at a meeting on July 10.

Moelleman is a member of the Free Democrats, a pro-business Liberal Party whose constituents are complaining at the burden of taxation caused by the cost of German unification.

US raises Thai textiles import quota by 30 pc

BANGKOK, June 28: Thailand will be able to export 30 per cent more fabrics and ready-to-wear garments to the United States under a new bilateral textile agreement, a Commerce Ministry official here said Thursday, reports AFP.

Negotiators sealed the three-year pact — which is retroactive to January 1 and runs through 1993 — by signing a memorandum of intention Thursday after a 10th round of talks on the Thai resort island of Phuket.

Under the agreement, Thailand can export to the United States up to 215 million square meters (258 million square yards) of fabric in the first year, a limit which can be increased by as much as six per cent per year afterwards, said Charae Chutharatkul, chief of the ministry's Foreign Trade

Department. The quota limit on apparel exports was meanwhile set at 180 million square metres (216 million square yards) for the first year, to be followed by annual increases of up to six per cent in subsequent years.

Combined, the new quotas represent an overall increase of 30 per cent over the previous agreement, which expired in 1988, Charae said. The new accord was expected to inject confidence in Thailand's export industry sector, which has been fraught with uncertainty in the absence of an agreement since 1988.

Viroj Amatakuichai, President of the Thai Garment Manufacturers Association, said he was satisfied with the new pact as it was close to his expectation. The U S embassy also wel-

comed the agreement.

"The United States government is very pleased with the outcome of the talks in Phuket and appreciates the sincerity and spirit of cooperation on the part of the Thai hosts," an embassy spokesman said.

White House declares an end to recession

Reuter from Washington adds: The White House's top economist has declared an end to the year-old U S recession but said the recovery will probably be modest and a backslide into another downturn cannot be ruled out.

The statement by Michael Boskin, Chairman of the President's Council of Economic Advisers, on Thursday was the first time the Bush administration had announced the recession, which officially began last July was over.

"This is only the early states but it certainly does look like recovery is in progress and the recession, on a national basis, is ended," Boskin told a White House news conference.

While the index of U S leading indicators for May is expected to rise moderately on Friday for its fourth consecutive gain, private economists also are not convinced the recovery will be strong or long-lived.

Brady asks for \$80b for savings, loan bailout

AFP says: Treasury Secretary Nicholas Brady asked Wednesday for another 80 billion dollars for the savings and loan bailout as well as an additional year to finish the job.

Brady, in testimony before the Senate Banking Committee, said that the Resolution Trust Corp (RTC) needs twice as much as the 80 billion dollars it already has received.

"This would permit the RTC to complete its work as quickly as possible without costly delay," Brady said.

New Federal Budget July 24 India plans to slash spending, seek loan

NEW DELHI, June 28: Finance Minister Manmohan Singh will present India's new Federal Budget, delayed by five months due to political upheavals and an election, on July 24, the press Trust of India (PTI) said Thursday, reports AFP.

PTI did not source the report, but Singh told journalists Tuesday that the budget would probably be presented in the last week of July.

At the time he hinted that the government planned to slash spending, reportedly in line with requirements of the International Monetary Fund (IMF) from which India is seeking a massive loan.

The first part of the loan, or some two billion Dollars, would be to bail India out of a severe foreign exchange crisis

enable it to repay short term debt commitments.

\$450m World Bank loan granted

AFP from Washington adds: The World Bank granted a 450 million Dollars loan to India to boost the country's oil production and reduce energy shortages, the International Credit Organisation said Thursday.

The project to revamp India's oil and gas industry is expected to be completed in 1996 at a total cost of 3.2 billion Dollars, the World Bank said.

The Asian Development Bank has also pledged 300 million Dollars for the project, the Export-Import bank of Japan will kick in 350 million Dollars and 745.6 million Dollars will come from export and suppliers credits.

France waives all debts to Burma

BANGKOK, June 28: France Thursday cancelled debts amounting to 497 million francs (82 million US dollars) incurred by Burma since 1976, the official radio Rangoon said in a broadcast monitored here, reports AFP.

French Ambassador to Burma Alain Briottet formally handed the official debt cancellation document to Burma's Trade and Finance Minister Brigadier General David Abel in Rangoon on Thursday afternoon, the radio said.

Brig Gen Abel asked Briottet to convey the thanks and appreciation of the Burmese government and people to President Francois Mitterrand, the French government and people.

The cancellation of the debt, which was two-thirds capital and one-third interest on loans from France, was in line with French foreign policy regarding least developed countries (LDCs). Burma was granted LDC status in 1987.

Market Prices of Listed Shares and Debentures with Dhaka Stock Exchange

At the close of trading on June 20 and June 27, 1991.

Company	EV/ML	1990-91			
		June 20	June 27	High	Low
BANKS (Ten)					
Al Baraha Bank	1000/1	7770.00	7770.00	1135.00	725.00
AB Bank	100/5	180.00	180.00	255.00	135.00
City Bank	100/5	268.00	268.00	275.00	160.00
IFIC	100/5	190.00	190.00	235.00	140.00
Islami Bank	1000/1	1206.25	1206.25	1210.00	925.00
National Bank	100/5	114.50	114.50	145.00	102.00
Rupali Bank	100/5	110.00	110.00	115.00	90.00
U.C.B.L	100/10	80.00	78.00	130.00	75.00
Uttara Bank	100/5	130.00	130.00	155.00	130.00
ICB	100/5	214.00	214.00	240.00	193.00
INVESTMENT (Eight)					
1st ICB M.Fund	100/5	422.00	422.00	575.00	405.00
2nd ICB M.Fund	100/5	190.00	190.00	220.00	170.00
3rd ICB M.Fund	100/5	157.00	160.00	173.00	143.00
4th ICB M.Fund	100/10	143.00	145.00	161.00	133.00
5th ICB M.Fund	100/10	127.00	128.00	142.00	115.00
6th ICB M.Fund	100/10	91.00	91.50	104.00	85.00
Real Estate					
Sales Price		133.00	133.00		
Re-purchase		128.00	128.00		
INSURANCE (Four)					
BGC	100/10	112.00	114.00	117.50	104.50
Green Delta	100/10	118.00	120.00	122.00	104.50
Peoples	100/10	120.00AL	120.00AL	120.00	108.00
United	100/10	113.00	115.00	122.00	105.00
ENGINEERING (Nineteen)					
Afias Automobiles/10/5		202.00	202.00	232.00	194.00
Atlas Bangladesh	10/50	38.75	38.75	48.00	35.50
Auto Pipes	100/5	235.00	235.00	250.00	180.00
Bangladesh Autocare/100/5		105.03	105.03	157.00	104.00
Bangladesh Lamps	100/5	290.00	290.00	365.00	230.00
B.Thal Aluminium	100/10	96.00AL	96.00AL	110.00	75.00
Bengal Carbide	100/5	400.00	400.00	450.00	320.00
Bengal Steel	100/50	18.00	18.00		
Eastern Colloid	100/5	83.50	83.50	109.00	75.00
Highlander PVC	100/10	101.86	101.86	122.00	100.00
Kartini Pipe	100/5	115.00	115.00	139.00	110.00
Metalux Corp.	100/5	99.50	99.50	113.00	75.00
Monzo Staffers	10/05	250.00	250.00	250.00	250.00
Monzo Jute	100/5	350.00	350.00	400.00	350.00
National Tubes	100/10	1106.75	106.75	137.00	102.00
Panther Steel	10/50	6.00	6.00		
Quasem Drycells	100/5	8.00	8.25	9.30	7.25
Renwick Jaineswar	100/5	96.00	96.00	75.00	40.00
Singer Bangladesh	100/5	1125.00	1125.00	1150.00	1125.00
FOOD & ALLIED (Twenty one)					
AB Biscuit	100/5	200.00	200.00	290.00	200.00
Alpha Tobacco	10/50	48.00	48.00	48.00	48.00
Aman Sea Food	100/5	36.00	36.00	40.00	36.00
Apex Food	100/5	340.00	340.00	340.00	280.00
Aroma Tea	100/5	50.00	50.00	52.00	45.00
Bangor	100/5	305.00	305.00		
Bangor Food	100/5	145.00	147.40	255.00	140.00
B.L.T.C.	100/5	600.00	600.00	600.00	600.00
B.T.C.	10/50	35.00	35.00	83.00	35.00
Cig. Vegetable	100/5	100.00	100.00	117.00	90.00
Dhaka Vegetable	100/5	136.00	136.00	192.00	130.00
E.L. Cemeilia	100/5	700.00	700.00	700.00	500.00
Frogleg Export	10/50	6.00	6.00	8.00	4.00
Gemini Sea Food	100/5	100.00	100.00	100.00	100.00
Modern Industries	100/5	150.00KD	150.00KD	150.00	120.00
N.T.C.	100/5	267.00	280.00	350.00	220.00
Rabeya Flour	10/100	NT	NT		
Rupani Oil	10/100	6.00	6.00AL	9.25	6.00
Tulip Dairy	100/10	90.00AL	90.00AL	105.00	90.00
Yousuf Flour	10/50	NT	NT		
Zed Biscuit	10/50	6.00KD	6.00KD	10.00	7.40
FUEL & POWER (Three)					
Padma Oil Co.	10/50	40.00	40.00	47.00	40.00
Eastern Lubricant	10/50	14.00	14.00	90.00	46.50
Oxyzen	10/50	51.50	53.00		
JUTE (Twelve)					
Ahad Jute	100/10	NT	NT		
Ansara 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
* Trading was closed on February 21 because of 'Shahed Day'

Oil prices move up further

LONDON, June 28: Oil prices moved up further on Thursday with traders seeing support from the US market, reports Reuter.

US government figures released late on Wednesday, showing that crude oil stocks declined in the last week, boosted prices, despite data from the American Petroleum Institute earlier in the week which had shown in the opposite.

Oil traders in New York also pointed to a pick-up in demand for gasoline strengthening prices on the crude market.

August crude oil futures on the New York Mercantile Exchange rose 15 cents to 20.23 Dollars a barrel.

In London, Brent Blend crude oil futures were up nine cents to 18.42 Dollars a barrel in late trading.

Producers, consumers meet next week

AFP from Paris adds: A total of 12 oil consuming countries and 12 producers will attend a seminar on the oil industry being organised here next

week by France and Venezuela, Industry Minister Dominique Strauss-Khan said here Thursday.

The meeting was a "major event because the aim is not to take decisions but to enable producers and consumers