

NASCIB demands withdrawal of VAT

Star Economic Report
Small and cottage industries units would be crippled if the Value Added Tax (VAT) is not withdrawn. National Association of Small and Cottage Industries of Bangladesh (NASCIB) said on Tuesday.

The condition of 40,000 small and 4,00,000 cottage industries will turn from bad to worse under the effects of VAT. Makbul Hossain, acting President of NASCIB, told a press conference at National Press Club.

He said the country is still at a nascent stage of industrialisation and the process will be nipped in the bud due to hazardous VAT system.

He added that the sector was suffering from many adverse factors. The problem will be aggravated because of VAT, he said. "For the sake of the existence of small industries, VAT should be withdrawn," he said adding about three crore people of the country are dependent for their livelihood on cottage industries, and another eight lakh are dependent on small industries.

"If VAT is not withdrawn, by July 25 the NASCIB members of 64 districts will launch a movement," he threatened.

Hazi Md Osman Gani, Vice-President of the organisation, Tahmina Rahman, Vice-President, Bazlur Rahman, President, Chittagong district unit, and Obidul Huq, NASCIB Secretary-General, were present in the press conference.

Moderate rise in share trading

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Trading at Dhaka bourse witnessed a moderate rise on Tuesday.

In all 4,048 shares changed hand compared with Monday's 2,376. Traded issues valued Taka 5,04,294.00 from Monday's Taka 2,41,735.00.

Transactions involved twenty-six stocks. Of them seven gained, six lost and thirteen remained unchanged at their previous quoted prices.

The Composite Index of Dhaka Stock Exchange (DSE), which is the broad indicator of price movements of all the listed stocks, moved up slightly to 307.0183 points from Monday's 307.0109.

Modern Industries advanced Taka 10.00 to Taka 160.00.

Tulip Dairy, IFIC Bank and Chittagong Cement gained Taka 2.00, Taka 1.88 and Taka 1.17 to Taka 94.00, Taka 188.31 and Taka 161.17 respectively.

Green Delta Insurance, Talu Spinning and Usmania Glass moved up within the range between Taka 0.85 and Taka 1.00.

NTC in the Food and Allied Sector lost Taka 5.00 to Taka 265.00.
BGIC Insurance, Atlas Bangladesh, Bangladesh Thai Aluminium, Eastern Cables and Bengal Food declined within the range between Taka 0.19 and Taka 1.00.

Quoted Prices of Traded Stocks

July - 9			
	FV/ML	Closing (Taka)	Changes (Taka)
Banks			
Al Baraka Bank	100/1	81.00	unchanged
IFIC	100/5	188.21	(+1.88)
Pubali Bank	100/5	110.00	unchanged
Investment			
6th ICB M. Fund	100/10	90.00	unchanged
Insurance			
Green Delta	100/10	118.35	(+0.85)
United	100/10	118.00	unchanged
Engineering			
Atlas Bangladesh	10/30	39.75	(-0.25)
B. Thai Aluminium	100/10	90.00	(-0.19)
Eastern Cables	100/5	82.00	(-1.00)
Metalcor Corp	100/5	100.00	unchanged
Remtek Japansaw	100/5	67.00	unchanged
Food & Allied			
Bengal Food	100/5	155.00	(-0.50)
Modern Industries	100/5	160.00	(+10.00)
NTC	100/5	265.00	(-5.00)
Tulip Dairy	100/10	94.00	(+2.00)
Textiles			
Apex Tannery	100/5	147.00	unchanged
Chittagong Cement	100/5	161.17	(+1.17)
Usmania Glass	100/5	134.00	(+1.00)

*FV = Face Value, ML = Market Lot
** Changes: Plus signs mean gain and (-) signs losses.

Dhaka Stock Exchange Market Profile

July - 9

134 Listed Stocks

7 Gainers 6 losers 121 Unchanged

124 Unchanged stocks include thirteen traded on the day at its previous quoted prices.

DSE All Share Price Index = 307.0183
Issued Capital/Taka 5,439,680,590
Market Capitalisation = 8,773,126,836
Turnover = Taka 5,04,294.00(Value) 4,048 (Volume).

Commodity prices rise after VAT imposition

By Asiuazzaman

The prices of essentials have registered a sharp increase following imposition of Value Added Tax (VAT), market sources said.

Some of the grocers are realising extra money from the customers for most of the goods bought in the name of VAT. None of the grocers can explain VAT but they simply say "it is new kind of tax."

But the VAT only replaces sales tax at import stage and excise duty on domestically produced goods and some services sector. No VAT is operative at retail or wholesale levels.

The prices of rice, groceries, powder milk, and fish marked a sharp rise on Monday in the market compared to last week, according to a market survey.

Prices of fine rice rose by Tk 2 to Tk 3 per kg and coarse rice by Tk 1.50 to Tk 2 per kg while fish prices rose by Tk 10 to 25 per kg, the survey said.

Only vegetable market showed stability rather a declining trend.

The prices of Kataribhog variety of price rose by Tk 3 per kg and now sells at Tk 19.

Jhingashali sells at Tk 15, Najirshali at Tk 16, Birui at Tk 14 to Tk 14.50, Patjam at Tk 15 and IRRI at Tk 13 per kg.

Rice for polao sold in the market at Tk 24 instead of last week's Tk 22. Flour price remained unchanged and sold at Tk 11 per kg.

One kg worth of hilsha sells at Tk 50 to Tk 55, ruhi Tk 100 to Tk 140 per kg, katla Tk 120 to Tk 130 per kg, pangas Tk 110 to Tk 120, and koi Tk 80 to Tk 150. Chital and mrigal are scarce in the market. Beef sells at Tk 60 to 70, mutton Tk 80 to 90 per kg.

Prices of pulses remained almost static. Lentil sells at Tk 28 per kg, mug Tk 28, gram Tk 20, motor Tk 20, kalai Tk 30 and khesari Tk 12 per kg.

Onion price rose to Tk 18 from Tk 12 in a week while ginger to Tk 24 turmeric Tk 54 to 56 from Tk 48, chillies Tk 80 from Tk 48, garlic Tk 56 from Tk 48, zira Tk 160 from Tk 110 and salt Tk 9 from Tk 7 during the period.

Cenamon, cardamon and tepata prices remained stable and were sold at Tk 600 per kg, Tk 240 and Tk 40 respectively.

Among vegetable, potato sells at Tk 4 per kg, bitter gourd Tk 12 per kg, green chilies Tk 16 per kg, cucumber Tk 10 a kg, kakrol Tk 12, patal Tk 9 to 10, ladies finger Tk 8 to 10, papia Tk 5, jhinga Tk 10 to 12 per kg, barbatu Tk 12, bringal Tk 10, green banana Tk 4 (four pieces), kumra (green) Tk 7 per kg, puishak Tk 4 per kg, uchoe Tk 14, and lalahak Tk 4 per kg.

Oil prices marked a heavy rise and soyabean sells at Tk 44 per kg, mustard oil at Tk 58 to 60, butter oil (two pound can) Tk 70, coconut oil at Tk 80 and kerosene price remained static.

All kinds of powdered milk for baby food marked a moderate rise though taxes have been reduced from the item.

Both the businessmen and consumers have a misconception about VAT.

The Daily Star correspondent interviewed at least 25 people in New Market, Kawranbazar and Fakirapal markets out of which only one was able to respond correctly about VAT.

But correct respondent Monirul Islam is banker.

Bangladesh Bank affairs

Star Economic Report

The deposits (balances) of the central bank held outside Bangladesh amounted to Taka 2,895.31 crore including cash and short term securities on June 27, according to the statement of affairs of Bangladesh Bank issued Monday.

Approved foreign exchange holdings by the issue department of the bank remained unchanged at Taka 200 crore at the previous week's level. Deposit of gold bullion slightly increased to Taka 76.42 crore.

Investment of the banking department, shown on its asset side, stood at Taka 551.27 crore while loan and advances to the government totalled Taka 20 crore. "Other loans and advances" aggregated to Taka 1,624.74 crore and "other assets" of the bank were shown to be Taka 1,437.72 crore.

Deposits of the scheduled banks with the central bank as shown as liabilities in the banking department, stood at Taka 1984.78 crore and those of the government amounted to Taka 1.37 crore. Other deposits were shown to be Taka

Agrani Bank branch managers' meet held

Star Economic Report

3,250.76 crore. Total notes in circulation stood at Taka 4,013.02 crore and notes held in the banking department totalled Taka 49.32 lakh, placing the aggregate for total notes issued at Taka 4,013.51 crore.

Holdings of government securities by the issue department of the bank were valued at Taka 775.89 crore while those of internal bills of exchange and other commercial papers totalled Taka 2953.08 crore.

In the banking department, the holdings of government treasury bills, shown on the asset side, amounted to Taka 401.12 crore.

The paid up capital, as shown on the liabilities side of the banking department, totalled Taka 3 crore with a reserve fund of another Taka 3 crore. Rural credit fund amounted to Taka 149.21 crore while the agricultural credit stabilisation fund stood at Taka 160 crore.

The total amount of industrial credit were shown to be Taka 47.78 crore and the export credit fund totalled Taka 49 crore.

Price Barometer: Essentials

July - 9	
RICE	(Taka per kg)
Aman (Very fine)	17.50-18.50
Aman(fine)	15.50-16.50
Pajam	13.50-14.00
Ufahi	13.00-14.50
VEGETABLES	(Taka per kg)
Potato(White)	3.50-4.00
Brijal	12.00-14.00
Lady's finger	8.00-10.00
Karolla	12.00-14.00
Lalshak	5.00-7.00
Papya	6.00-7.00
Green Banana (Four Pieces)	6.00-8.00
OTHER FOODGRAIN	(Taka per kg)
Flour	12.00-13.00
Alta	10.00-10.50
Wheat	8.00-8.50
Suzi	17.00-18.00
FISH	(Taka per kg)
Ruhi(big)	150.00-180.00
Katla(big)	120.00-130.00
Hilsha	50.00-60.00
Pangas	120.00-130.00
Shrimp(big)	70.00-80.00
Singi	80.00-100.00
Koi	90.00-100.00
PULSES	(Taka per kg)
Mush	34.00-35.00
Mashur	27.00-28.00
Moogh	27.00-28.00
Chhola	22.00-23.00
Maor	24.00-26.00
Khesari	16.00-18.00
MEAT	(Taka per kg)
Beef	55.00-60.00
Mutton	80.00-90.00
OIL	(Taka per Litre)
Mustard	56.00-58.00
Soyabean	42.00-44.00
Cocoon(Colombo)	75.00-80.00
Vegetable Ghee	55.00-56.00
SPICES	(Taka Per kg)
Onion	15.50-16.00
Garlic	32.00-40.00
Chillies	70.00-75.00
Turmeric(Round)	52.00-60.00
(Long)	52.00-60.00
Green chillies	16.00-20.00
Ginger	20.00-24.00
Cinnamon* (10gms)	3.00-3.50
Cardamom* (large)	3.50-4.00
Jhira (50gms)	7.00-8.00
MISCELLANEOUS	(Taka)
Cher	220.00-240.00
Sugar	28.00
Melasses	18.00-22.00



Ghulam Mohammad, Managing Director(current charge), Agrani Bank reviewing the position of the recovery of overdue, stuck up and classified advances of the Bank with the Branch Managers, Zonal Heads and Executives deputed for recovery at the Bank's Training Institute at Chittagong.

Asian businesses in Britain face disaster after BCCI suspension

LONDON, July 9: Thousands of businesses owned by British Asians faced disaster Monday following the suspension of the Bank of Credit and Commerce International (BCCI) because of fraud suspicions, reports AFP.

Companies run by Asian Britons hold nearly half the 120,000 accounts registered with the BCCI in Britain, and many individuals from the community held private ac-

counts with what was seen as an "Asian Bank".

"People in the community are furious and that the government has failed to provide proper safeguards to protect their money, said Dayal Sharma, Chairman of the Institute of Asian Business in Bradford, home of Britain's largest Asian community.

The Bank of England's move on Friday to freeze all accounts at the Luxembourg-based BCCI has left some 55,000 Asian-run businesses without any access to funds and facing potential collapse.

Parkash Maini, Director of a London clothing group which had deposited 2.5 million Pounds, (four million Dollars)

with the bank as security said his business was "completely blocked."

"We cannot operate, all the directors are just sitting here wondering what to do next," he added.

Under the British banking system's deposit protection scheme depositors are only entitled to compensation of 75 per cent of deposits up to a maximum of 15,000 Pounds (24,300 Dollars).

But no payments can be made until the courts formally authorise BCCI's winding up.

The limited degree of protection and a feeling that the authorities should have acted sooner on the BCCI affair prompted angry demonstra-

tions Monday at the Bank of England in London.

Under pressure from the Asian community and a number of MPs to authorise immediate compensation to stricken BCCI clients, the British government announced early Monday that an emergency statement would be made on the issue immediately.

Exchange Rates

July - 9			
	Selling	Buying	
US Dollar	36.6226	36.1390	
UK Pound Sterling	59.1312	58.4152	
German Deutsche Mark	20.0672	19.7968	
French Franc	5.9217	5.8416	
Saudi Riyal	9.7974	9.6990	
Dutch Guilders	17.9212	17.5773	
Pakistan Rupee (AMU*)	1.4692	1.4553	
Singapore Dollar	20.7977	20.5230	
UAE Dirham	10.0053	9.8732	
Kuwait Dinar		Not available	
Indian Rupee			
AMU	1.3902	9.8732	
S. Kroner	5.5501	5.4727	
*AMU-Asian Monetary Unit			



Ruben Dudley, Director of International Labour Organisation (ILO) presenting an Electronic Typewriter to Mohammad Moniruzzaman Chowdhury, Chairman, Bangladesh Small and Cottage Industries Corporation (BSCIC) for the use of the Training Institute of BSCIC.

Soviets allowed to take hard currency abroad

MOSCOW, July 9: The USSR Gosbank (State Bank) has announced that Soviet citizens who have bought hard currency from any of the commercial banks of Russia are allowed to take it out of the country. At the same time all powers with respect to licensing Russian Federation commercial banks to deal in hard currency have been devolved from Gosbank to the Central Bank of Russia, reports IAN.

A bank is qualified as a Russian commercial bank if it has no branches in other Soviet republics.

Debt relief plan for Third World likely

LONDON, July 9: Britain wants to make sure the leaders of the richest nations face the crisis of Third World debt despite their preoccupation with aid for the Soviet Union, reports Reuters.

British officials said on Monday the Group of Seven (G-7) summit in London next week would try to make progress on a debt relief plan engineered by Prime Minister John Major.

The Prime Minister wants to see whether he can carry forward the initiative, "one

senior British official said.

As Chairman of the summit of the seven leading capitalist nations, Major is determined it should not ignore the plight of the Third World while its attention is focused on Moscow.

Soviet President Mikhail Gorbachev grabbed the spotlight by fixing an unprecedented meeting with the G7 leaders. The meeting is separate from the July 15-17 summit but has overshadowed it.

India challenges bureaucrats to tackle economic crisis

NEW DELHI, July 9: India's new government is challenging powerful bureaucratic, industrial and labour lobbies in an effort to tackle its severe economic crisis, reports Reuters.

"What's happening is very dramatic," said economist Surendra Rao after the new government slashed the Rupee's value, withdrew export subsidies and simplified bureaucratic controls in an unprecedented assault on orthodox socialist self-sufficiency.

"We are heading into the unknown," Rao said. "This is going to be a real challenge for the politicians."

Economists who helped to nationalise major industries and enshrine protectionism now accept that concessions to market forces and integration with the world economy are

inevitable, Rao, head of the National Council for Applied Economic Research said.

"We built these protective walls for infant industry. Do we now want to protect elderly incompetents," said Isher Ahluwalia, of the Independent Centre for Policy Research.

The new consensus is to concentrate subsidies on the very poor among India's 850 million people, remove props from industrialists, cut jobs in loss-making state-run industries and reduce the power of bureaucrats.

"There will be political obstacles, not necessarily because reform will be anti-popular but because it will hurt entrenched interests industrial labour, the bureaucracy, politicians," said Manu Shroff, an Adviser to the Unit Trust of

India.

Despite official denials, it is widely believed that last week's radical reform of export-import controls and an 18.7 per cent Rupee devaluation against the Dollar were aimed at ensuring urgently needed international Monetary Fund (IMF) help.

Many say the changes were rushed through partly to entrench the inevitability of reform before Prime Minister Narasimha Rao's minority government faces Parliament today.

India has struggled to service some four billion Dollar short-term loans of its 71 billion Dollar foreign debt and for months foreign exchange reserves barely covered monthly imports.

Snippets

Wall Street stocks up

NEW YORK, July 9: Wall Street stocks recovered from the Monday blues to close with solid gains, with technology, transportation and drug company shares leading the advance, reports Reuters.

The Dow Jones industrial average closed 29.52 points higher at 2,961.99, according to early, unofficial figures. Advancing stocks were only narrowly ahead of advancers by a three-to-two margin. Volume on the New York stock exchange was a moderate 136 million shares.

Traders said the gain was due mainly to a technical bounce.

CPC seeks partners

TAIPEI, July 9: Taiwan's state-run Chinese Petroleum Corp. (CPC) is seeking partners to explore for oil in Siberia, and is also negotiating to buy crude oil from the Soviet Union, CPC officials said yesterday, reports AFP.

The company is planning joint ventures with foreign or Soviet enterprises through its affiliate, overseas investment and petroleum corp. to acquire oil exploration rights in Siberia, the officials said.

CPC is also interested in buying crude from Sakhalin Island after Taiwan's economic ministry allowed its 10 state enterprises to barter with the Soviet Union in an effort to beef up business exchanges between the two countries, they said.

Indonesian railways to be privatised

JAKARTA, July 9: Indonesia plans to open its railways to the private sector in 1992 to help the government cope with the rising need for public transport, a spokesman of the state railway company (Perumka) said Monday, reports AFP.

The official Antara News Agency quoted spokesman Imam Suharto as saying in Bandung near here, that private companies would be allowed to manage passenger and freight trains on certain lines, especially busy ones, in the island of Java.

Suharto said two private companies, identified as Pt Plorantara and Pt Lorianta Mitra Guna, were conducting studies to determine the amount of investment needed.

\$130m EC aid for Romania

BRUSSELS, July 9: European Community (EC) finance ministers on Monday authorised a first loan payment to Romania but limited the amount to about 130 million Dollars because the United States and Japan have failed to come up with their own pledged loans for Bucharest, reports Reuters.

EC officials said the ministers gave the go ahead for the European Commission, which is coordinating global efforts for Eastern Europe, to disburse about 130 million Dollars to Romania to support its economic reform efforts.

This is part of a one billion Dollars balance-of-payments loan for Romania pledged by the group of 24 rich countries earlier this year.

UAE okys \$4.5 b budget for '91

ABU DHABI, July 9: The United Arab Emirates (UAE) on Monday approved a 1991 federal budget of 16.4 billion Dirhams (4.5 billion Dollars), 3.3 billion Dirhams 900 million Dollars less than initially proposed, government officials said, reports AP.

UAE federal ministries had originally proposed a budget of 19.7 billion Dirham (5.4 billion Dollars).

The 1990 budget was 15.6 billion Dirhams (4.2 billion Dollars).