

\$700m aid for energy sector uncertain

New investments needed to meet demands

By Moazzem Hossain

Jute spinners welcome MEP abolition

Star Economic Report
Bangladesh Jute Spinners Association (BJSJA) on Wednesday welcomed the abolition of Minimum Export Price (MEP) for jute goods.
Shabbir Yusuf, Acting Chairman, BJSJA, in a statement issued to the press, said that the de-control of export prices would help attain greater dynamism in marketing jute goods abroad.
The exporters will get a boost following the withdrawal of MEP, he said.
Free market mechanism, he added, is the best way for attaining greater economic efficiency.
Meanwhile, the Association in a recent meeting of its executive committee received the de-control of export prices for jute goods. It noted with optimism that export earnings from jute yarn would exceed Taka 2.25 billion.

Uncertainty still looms large over the external aid support for the overall investment programme in the country's energy sector.
Investments in the sector has already fallen steadily since 1986-87. In current prices, public sector development expenditures or investments in the sector rose to Taka 1258.9 crore in 1986-87 from Taka 455.3 crore in 1980-81. The amount stood at Taka 1258.5 crore in 1988-89 and Taka 1206.2 crore in 1989-90.
But, the investments in real terms in energy sector would show sharply declining trends in recent years if such investments in current prices were adjusted for price-rises.
According to the World

Bank estimates, the real development expenditure index with 1984-85 as the base year (1984-85=100) stood at 114 in 1985-86 and 119 in 1986-87 and then it dropped to 107 in 1987-88, 102 in 1988-89 and 91 in 1989-90.
The decline in the index showed that the price-rise or inflationary effects on development expenditures were higher than the increase in such expenditures in nominal terms or at current prices.
Concerned circles said that the decline in real investments in energy sector would have a major impact on the ability of the sector to support sufficient growth in energy supplies. They pointed out that such declines would also seriously af-

fect the viability of other proposed investments such as fertilizer production and the Jamuna Bridge.
Investments in energy sector include all development expenditures by Bangladesh Power Development Board (BPDB), Rural Electrification Board, Petrobranga, Bangladesh Petroleum Corporation and others.
A total of 700 million Dollars, as external aid are in the pipeline for the energy sector. But the disbursements of the amount are held back by the major donors because of BPDB's high system loss and the government's delay-daily to implement the earlier 'agreed' decision to separate

the BPDB's distribution functions in Dhaka by forming a new body, Dhaka Electric Supply Authority (DESA).
Several donors are sharply critical of BPDB's financial mismanagement. It's system loss, mostly representing unbilled consumption of electricity, shot up from 29 per cent in the mid-eighties to 41 per cent now. Such a high system loss, according to the donors, has been the major reason for domestic funding constraints in implementation of development projects.
Meanwhile, the government's latest announcement that DESA will commence operation from September next has already met the unions' threat to resist it. The donors

have insisted on getting the DESA operational as a separate authority to "curb the galloping rate of system loss" and bring "some degree of accountability" in the power sector.
The donors appear to be increasingly unsure and unconvinced by the efforts so far taken by the government to project it means business. The withdrawal last month of the British consultants who have been assisting with the set-up of DESA reflects this.
The uncertainty of development aid flows to the energy sector will adversely affect import substitution efforts. A number of investments that were initiated in the sector in the wake of the oil shocks of

the share of imported petroleum and petroleum products from 20 per cent of total merchandise imports in 1980-81 to eight per cent in 1989-90.
And now with total development aid support for the energy sector remaining uncertain, the import substitution efforts in the sector are likely to get major jolts. The energy demand will be on the rise but the domestic capacity for supply will not expand without implementation of any new development projects.

| Shipping Intelligence | | | |
|--------------------------------------|---------------|--------------------|----------|
| SHIPPING INTELLIGENCE | | | |
| Chittagong Port | | | |
| Name of vessels | Berthed | ETA | Berth No |
| Al Swamruz | 01/8 | 15/8 | J/1 |
| Khanak a/c CPA | 29/5 | | J/3 |
| Jiang Cheng | 09/8 | 15/8 | J/6 |
| Silver Lake | 12/8 | 18/8 | J/7 |
| Samudra Raj | 28/7 | 18/8 | J/8 |
| Continant 1 (E/L) | 12/8 | 15/8 | J/9 |
| Coaster Caravan(MOP)(SUNK) | | a/c Sumadja out of | |
| Commission | | | |
| w.e.f 30/4/91 | J/10 | | |
| New Genlord (Comb) | 12/8 | 17/8 | J/12 |
| Darten | 12/8 | 16/8 | MPB/2 |
| Alyn | 15/7 | 20/8 | CGJ |
| Fong Yun | 03/8 | 15/8 | RM/3 |
| Red Deer (Attach 25/7/91) | 11/7 | 16/8 | TSP |
| IVI (Attach: 11/8/91) | 07/8 | 07/8 | RM/5 |
| New Dolphin Jetty under Construction | w.e.f 24/3/91 | | RM/7 |
| Al Tabith | 01/8 | 15/8 | DD |
| Banglar Swapan | 23/4 | 16/8 | DDJ/1 |
| Valleta-II (Attach : 29/7/91 | 29/7 | 16/8 | DDJ/2 |

Share trading falls slightly

Star Economic Report
Trading at Dhaka Stock Exchange (DSE) declined slightly on Wednesday.
In all 8,683 shares and debentures changed hands compared with Tuesday's 8,782. Traded issues valued Taka 6,13,619.00 against the previous day's Taka 5,77,174.00.
Advancers dominated trading. And DSE All Share Price Index moved up slightly to 294.1894 points from Tuesday's 294.0683. Index is the broad indicator of price movements of all the listed stocks.
The debentures of Bengal Food and Beximco Pharma gained Taka 25.00 and Taka 4.00 to Taka 900.00 and Taka 1,575.00.
Karim Pipe and Islam Jute moved up Taka 13.00 Taka 3.00 to Taka 130.00 and Taka 58.00.
BOIC Insurance, United Insurance, 3rd ICB Mutual Fund, 4th ICB Mutual Fund, 5th ICB Mutual Fund, 6th ICB Mutual Fund, Bangladesh Thermal Aluminium, Bengal Food, Chittagong Vegetable, Oxygen, Ambee Pharma, Rahim Textile, Apex Tenery, Chittagong Cement and Savar Refractories gained within the range between Taka 0.02 and Taka 1.25.
National Tubes, Dhaka Vegetable, Zeal Bangla Sugar and Ashraf Textile lost within the range between Taka 0.20 and Taka 1.00.

Specialised textile sector becomes sick

The specialised textile sector has become sick. Over 80 per cent of the installed production capacity in the sector is now lying idle.
Investments worth several hundred crore takas have turned bad. Bank credits of a substantial amount have fallen in arrears and cannot be serviced by the borrowers in the sector.
Severe marketing difficulties, compounded further by free flow of smuggled fabrics into the market, and uneconomic size of the units and shortage of working capital have forced most units out of operations or to run at a stupendously low level of their production capacity.
Higher prices of raw materials, higher rate of power and unplanned expansion of capacity for in excess of demand have also aggravated the crisis in the sector.

The problems of the specialised textile sector were highlighted at a conference of Bangladesh Specialised Textile Mills and Powerloom Industries Association held early this week at the Jatiya Press Club.
The Third Five Year Plan (1985-90) targeted for 25,000 powerloom. Capacity in the specialised textile sector, however, expanded far above this target. There were 35,000 powerlooms in 1989-90, the terminal year of the plan.
Besides, 6,000 looms in the public sector textile mills and another 4,38,000 handlooms operating throughout the country produced textile products, competing with those produced by the powerlooms in the specialised textile units.
The annual demand of cloth in the country is about 700 million metre. The total installed capacity in the textile

sectors is for about 3.32 billion metre, about five times the country requirements. This was stated in a background paper made available at the conference of Bangladesh Specialised Textile Mills and Powerloom Industries Association on Sunday last.
Besides the products of domestic textile and handloom industry, there are supplies of imported as much as smuggled cloth or factories in the market.
Cloth worth about Taka 900 million was imported in fiscal 1990-91 alone. This was in addition to an estimated 300 million metre of smuggled cloth, according to specialised textile mills and powerloom industries. Over supplies or glut in the market caused the severest operational problem for the overall domestic industry. Costs of domestic industry also rose very high over the years.

time. Those who ventured into specialised textiles under active encouragement by the government through its industrial policy and liberal credit support by the banks are now in a swoon.
Free flow of duty-free imports of fabrics by the export-oriented garments industry into the market is identified by the operators of specialised textile mills as their main marketing troubles.
"False" wastage rates are shown by the garments industries to import duty-free fabrics in far excess of their requirements to meet the export orders and the excess quantity is smuggled into the domestic market.
Domestically produced cloths and fabrics are thus priced out, the specialised textile mill owners alleged.
The specialised textile units, can not use mixed yarn in the absence of sizing machine. Most units do not have the support of sizing machine for their operations. So they have to produce synthetic fabrics which have only "limited demand" at home and also at abroad.
Shortage of working capital is another problem for the specialised textile mills. The units have to buy yarn on credit due to this. Moreover, they are entirely at the mercy of "price manipulators" in the market and can not withhold

supplies when the prices are deliberately kept low.
Specialised mill owners pointed out that they were not in any position to store products in a depressed market. "We have no working capital or our own and do not have any control on the prices of our products," the mill operators said.
The commercial banks provide working capital against pledge or collateral. But, provision of new collateral for most operators, when the units in the sector remain sick, is impossible.
It is however, clear that mere provision of working capital by the banks will not solve the problems of specialised textile mills. Without efforts to solve the overall problems under an integrated plan of action for recovery of the sector, fresh bank credits are likely to face new recovery problems for banks.

Dhaka Stock Exchange Market Profile August - 14

134 Listed Stocks

19 Gainers 4 losers 111 Unchanged

111 Unchanged stocks include eight traded on the day at its previous quoted prices.
DSE All Share Price Index = 294.1894
Issued Capital=Taka 5,439,680,590
Market Capitalisation = 8,406,537,101
Turnover = Taka 6,13,619.00(Value) 8,683 (Volume).

Market Prices of Listed Shares and Debentures with Dhaka Stock Exchange At the close of trading on August 14, 1991.

| Company | EV/ML | Closing Rate | Delta Jute | 10/50 | 8.50 |
|---------------------------------------|--------|--------------|--|--------|----------|
| BANKS (Ten) | | | Gawsta Jute | 10/50 | NT |
| AL Baraka Bank | 1000/1 | 800.00 | Islam Jute | 100/5 | 58.00 |
| AB Bank | 100/5 | 181.00 | Jute Spinner | 100/5 | 100.00 |
| City Bank | 100/5 | 272.00 | Mutual Jute | 100/5 | 100.00 |
| IFIC | 100/5 | 185.00 | Northern Jute | 10/50 | NT |
| Islami Bank | 1000/1 | 1200.00 | Shamsar Jute | 100/5 | 100.00 |
| National Bank | 100/5 | 108.00 | Specialised Jute | 10/50 | NT |
| Pupali Bank | 100/5 | 110.00 | Shine Pukur Jute | 100/5 | 94.00 |
| Rupali Bank | 100/10 | 77.00 | Sonali Aarsh | 100/5 | 89.58 |
| UCBL | 100/5 | 131.00 | PHARMACEUTICALS & CHEMICALS (Fifteen) | | |
| Uttara Bank | 100/5 | 214.00 | Ambee Pharma | 10/50 | 14.92 |
| INVESTMENT (Eight) | | | Bangla Process | 100/5 | 50.03 |
| 1st ICB M.Fund | 100/5 | 90.00 | Beximco Pharma | 100/5 | 171.00 |
| 2nd ICB M.Fund | 100/5 | 390.00 | Glaxo | 10/50 | 125.00 |
| 3rd ICB M.Fund | 100/5 | 165.00 | ICI | 10/50 | 10.00 |
| 4th ICB M.Fund | 100/5 | 180.00 | Kohinoor Chemical | 100/5 | 68.72 |
| 5th ICB M.Fund | 100/10 | 140.00 | Petro Synthetic | 10/50 | 15.50 |
| 6th ICB M.Fund | 100/10 | 103.00 | Pfizer | 100/5 | 110.00 |
| ICB Unit Cert. | 100/10 | 61.89 | Pharma Aids | 100/5 | 160.00 |
| Sales Price | 109.00 | 114.00 | Phylamco | 100/5 | 48.00 |
| Re-purchase | 109.00 | 114.00 | Progressive Plastic | 110/5 | 45.00 |
| INSURANCE (Four) | | | Reckitt & Colman | 10/50 | 240.00 |
| BOIC | 100/10 | 109.00 | Rahman Chemicals | 100/10 | 35.00AL |
| Green Delta | 100/10 | 113.00 | Therapeutics | 100/5 | 40.00 |
| Peoples | 100/10 | 120.00AL | The Ibsmina | 100/10 | 90.00 |
| United | 100/10 | 121.36 | PAPER & PRINTING (Six) | | |
| ENGINEERING (Nineteen) | | | Eagle Box | 10/50 | 14.00 |
| Alfa Automobiles | 100/5 | 200.00 | Monospool | 100/5 | 105.00 |
| Atlas Bangladesh | 10/50 | 40.00 | Paper Converting | 100/5 | 113.00 |
| Asif Pipes | 100/5 | 236.67 | Paper Processing | 100/10 | 106.00AL |
| Bangladesh Autocars | 100/5 | 100.00 | Padma Printers | 10/50 | 50.00 |
| Bangladesh Lamps | 105/5 | 266.00 | Sonali Paper | 10/50 | 55.00 |
| B.Thal Aluminium | 100/10 | 93.00KD | SERVICE (Two) | | |
| Bengal Carbide | 100/5 | 400.00 | Bangladesh Hotel | 10/50 | 12.00 |
| Bengal Steel | 10/50 | 18.00 | Bd. Service | 10/50 | NT |
| Eastern Cables | 100/5 | 78.00 | TEXTILE (Eighteen) | | |
| Howlader PVC | 100/10 | 99.00 | Alhaj Textile | 10/50 | NT |
| Karim Pipe | 100/5 | 130.00 | Arbec Textile | 100/10 | NT |
| Metalex Corp. | 100/5 | 102.00 | Ashraf Textile | 10/50 | 29.00 |
| Monzo Staffers | 10/05 | 250.00 | Chand Textile | 10/50 | NT |
| Monzo Jute | 100/5 | 350.00 | Chand Spinning | 10/50 | NT |
| National Tubes | 100/10 | 109.00 | Desh Garments | 100/10 | 67.00 |
| Parthen Steel | 10/50 | 6.00 | Dulamia Cotton | 100/10 | 85.50AL |
| Quiscon Dyocelle | 10/50 | 8.00 | Eagle Star | 10/50 | 34.00 |
| Renwick Jajosewar | 100/5 | 66.00 | GMG Ind. Corp. | 10/50 | 13.00 |
| Singer Bangladesh | 100/5 | 1010.00 | Modern Dying | 100/5 | 36.00 |
| FOOD & ALLIED (Twenty one) | | | Quasem Silk | 10/50 | 6.00 |
| AB Biscuit | 100/5 | 190.00 | Quasem Textile | 10/50 | 8.00 |
| Alpha Tobacco | 10/50 | 48.00 | Rahim Textile | 100/5 | 48.00 |
| Aman Sea Food | 100/5 | 36.00 | Soham Textile | 100/10 | 77.00 |
| Apex Food | 100/5 | 340.00 | S.T.M. (ORD) | 100/5 | 100.00 |
| Aroma Tea | 100/5 | 60.00 | Stylcraft | 100/5 | 100.00 |
| Bangas | 100/5 | 305.00 | Swan Textile | 100/5 | 60.00 |
| Bengal Food | 100/5 | 145.00 | Tallu Spinning | 100/10 | 115.50AL |
| B.L.T.C. | 100/5 | 600.00 | MISCELLANEOUS (Fourteen) | | |
| B.T.C. | 10/50 | 40.00 | Apex Tannery | 100/5 | 148.50 |
| Cig. Vegetable | 100/10 | 99.25 | Aramit | 10/50 | NT |
| Dhaka Vegetable | 100/5 | 133.00 | Bata Shoe | 10/100 | 37.94 |
| E.P. Cerealia | 100/5 | 700.00 | Beximco | 10/100 | 9.02 |
| Florig Export | 10/50 | 6.00 | B.S.C. | 100/5 | 45.00 |
| Genent Sea Food | 100/00 | 100.00 | Chittagong Cement | 100/5 | 173.00 |
| Modern Industries | 100/5 | 160.00 | G. G. Ball Pen | 10/50 | 45.00 |
| N.T.C. | 100/5 | 268.00 | Himadri Ltd. | 10/100 | NT |
| Rabeya Flour | 10/100 | NT | Milon Tannery | 100/5 | 30.00 |
| Rupen Oil | 10/100 | 6.25AL | Morzo Ceramic | 100/5 | 158.75 |
| Tulip Dairy | 100/10 | 93.00AL | Phonics Leather | 100/5 | 17.00 |
| Yousuf Flour | 10/50 | NT | Savar Refractories | 100/5 | 116.00 |
| Zeal Bangla | 10/50 | 8.00 | The Engineers | 100/5 | 100.00 |
| FUEL & POWER (Three) | | | Umanias Glass | 100/5 | 138.00 |
| Padma Oil Co. | 10/50 | 40.00 | DEBENTURES (Four) | | |
| Eastern Lubricant | 10/50 | 14.00 | Apex Tannery | 1000/1 | 999.25 |
| Oxygen | 10/50 | 50.00 | Bengal Food | 1470/1 | 900.00 |
| JUTE (Twelve) | | | (18.5% 1992) | | |
| Ahad Jute | 100/10 | NT | Beximco Pharma | 1714/1 | 1575.00 |
| Ansars Jute | 10/50 | NT | (17% 1997) | | |
| | | | Quasem Silk | 2000/1 | 1580.00 |
| | | | (17% 1994) | | |

According to Specialised Textile Mills and Powerloom Industries Association, small textile units with 20 looms or below capacity were allowed to be set up with bank credits under the industrial policies in the eighties. But most small mills could not run viably.
The operational premise for allowing smaller textile units, belonging to the category of specialised mills, was proved wrong. The entire sector turned sick in only a few years

Cargo handling at Ctg Port declines

From Nurul Alam
CHITTAGONG, Aug 14: Traffic through Chittagong Port recorded a fall in 1990-91 fiscal year compared with that of 1989-90 fiscal year showing a decline of cargo at 2,93,455 Metric Tons (MT).
According to reports received from the Port, in '90-'91 fiscal a total of 72,00877 MT of cargo were handled down from 74,94,332 MT of '89-'90 fiscal. In '90-'91 fiscal total volume of cargo included 62,82,362 MT of import goods and 9,18,515 MT of export goods while in '89-'90 fiscal import goods recorded at 67,98,822 MT and export goods at 6,95,570 MT.
However according to reports, volume of export in '90-'91 fiscal marked a rise compared with previous year's volume. In '90-'91 fiscal, 969 vessels were handled in Chittagong Port as against 1080 vessels of '89-'90 fiscal. Number of containers handled in '90-'91 was 1,01,281 TEU down from 1,10,644 TEU of previous year, port sources said.
The sources said cargo handling in '90-'91 fiscal had dwindled because of Gulf crisis and April 29 cyclone and tidal surge that made Chittagong port inoperative for sometime.
During the Gulf war a small number of ships called at Chittagong port and after the catastrophic disaster no ship could take berth at this port till its channel was cleared for navigation.
Another report said in '87-'88 fiscal maximum cargo were handled which totalled 17,47,377 MT.



Prices of fish are on the high side in city markets though supply in the wholesale market is moderate and Value Added Tax (VAT) on it has not been imposed. — Star photo

| Exchange Rates | | Gold & Silver | |
|--|---------------|---------------|-------------------|
| August - 14 | | August - 14 | |
| SELLING AND BUYING RATES, offered by Commercial Banks, for Bank Cheques, (B/Cs) and Overseas Drafts (O/Ds) | | | |
| US Dollar | 36.6226 | Gold | 6,250.00-6,450.00 |
| UK Pound Sterling | 62.1275 | Tejabs | 6,300.00 |
| German Deutsche Mark | 21.2391 | Guinea | 300.00 |
| One Unit of Foreign Currencies (FC) for Taka | | | |
| French Franc | 6.2432 | Silver | |
| Saudi Riyal | 9.7974 | 999.9 | 300.00 |
| Dutch Guilders | 18.4839 | 999.9 | 300.00 |
| Pakistan Rupee (AMU) | 1.4896 | 999.9 | 300.00 |
| Singapore Dollar | 21.2811 | 999.9 | 300.00 |
| UAE Dirham | 10.0053 | 999.9 | 300.00 |
| Kuwait Dinar | Not available | 999.9 | 300.00 |
| Indian Rupee | 1.4140 | 999.9 | 300.00 |
| S. Kroner | 5.8437 | 999.9 | 300.00 |
| *AMU-Asian Monetary Unit | 5.8437 | 999.9 | 300.00 |
| SECONDARY EXCHANGE MARKET | | | |
| Wage Earners Fund/Export Performance Benefit (EPB) Fund | 37.19 | 37.24 | |
| US Dollar | 63.11 | 63.16 | |
| UK Pound | 9.95 | 10.00 | |
| UAE Dirham | 10.16 | 10.21 | |
| * The rates of Pound Sterling are decided every day, based on the cross-rates of New York market | | | |
| Source: Sonali Bank | | | |

| Vessels due at outer anchorage | | ETA |
|--------------------------------|---------|---------|
| Name of vessels | ETA | ETA |
| Greenvallee | 15/8/91 | 15/8/91 |
| Dmitry Furmanov | 15/8/91 | 15/8/91 |
| Ping Yin | 15/8/91 | 15/8/91 |
| Dekhkhoda (E/L) | 16/8/91 | 16/8/91 |
| Infinity | 16/8/91 | 16/8/91 |
| Pearl One | 17/8/91 | 17/8/91 |
| Neustadt (Cont) | 17/8/91 | 17/8/91 |
| Anteos | 17/8/91 | 17/8/91 |
| Qing He Cheng | 17/8/91 | 17/8/91 |
| Arnstadt (Comb) | 17/8/91 | 17/8/91 |
| Fong Shin (Comb) | 18/8/91 | 18/8/91 |
| Vishva Kaumudi | 18/8/91 | 18/8/91 |
| Banglar Kakoli | 19/8/91 | |