

The shareholders of the Karnaphuli Fertilizer Company Limited (KAFCO) viewed the Bangladesh government's decision to renegotiate the project as a serious violation of agreements already negotiated and agreed.

The government's decision was taken at a cabinet meeting which considered the recommendations of the four-member cabinet committee formed early this month to review the agreement signed at the end of the Ershad regime.

Expressing their dismay, the shareholders of KAFCO, in a press release on Tuesday, said they had already spent more than 90 million US Dollar and local currency equivalent of 33 million US Dollar from BCIC.

KAFCO was launched as a joint venture project with BCIC, Japanese, Danish, Dutch and British shareholders. Due

Sharp fall in share trading

Star Economic Report

Dhaka bourse witnessed a sharp fall in share trading Tuesday.

In volume terms transactions went down to 4,086 from Monday's 12,939. Traded issues valued Taka 3,81,950.00 against the previous day's Taka 4,62,834.00.

Declines dominated trading. And the Composite Index of Dhaka Stock Exchange lost to 294.1700 points from Monday's 294.4932. Index is the broad indicator of price movements of all the listed stocks.

Transactions involved twenty stocks. Of them eleven lost, six gained and three remained unchanged at their previous quoted prices.

The 5th ICB Mutual Fund declined Taka 2.00 to Taka 104.00.

Dhaka Vegetable and Bangladesh Autocars lost Taka 1.87 and Taka 1.81 to Taka 135.13 and Taka 93.19 respectively.

BGIC Insurance, Green Delta Insurance, Aftab Automobiles, Atlas Bangladesh, Bangladesh Thai Aluminium, Oxygen, Eagle Star and Apex Tannery declined within the range between Taka 0.02 and Taka 1.00.

The debentures of Apex Tannery and Bengal Food advanced Taka 8.00 and Taka 4.00 to Taka 104.00 and Taka 920.00.

Pharma Aids gained Taka 5.00 to Taka 170.00.

Quasem Drycells, Zeal Bangla Sugar and Chittagong Cement moved up with the range between Taka 0.06 and Taka 1.26.

Market Prices of Listed Shares and Debentures with Dhaka Stock Exchange

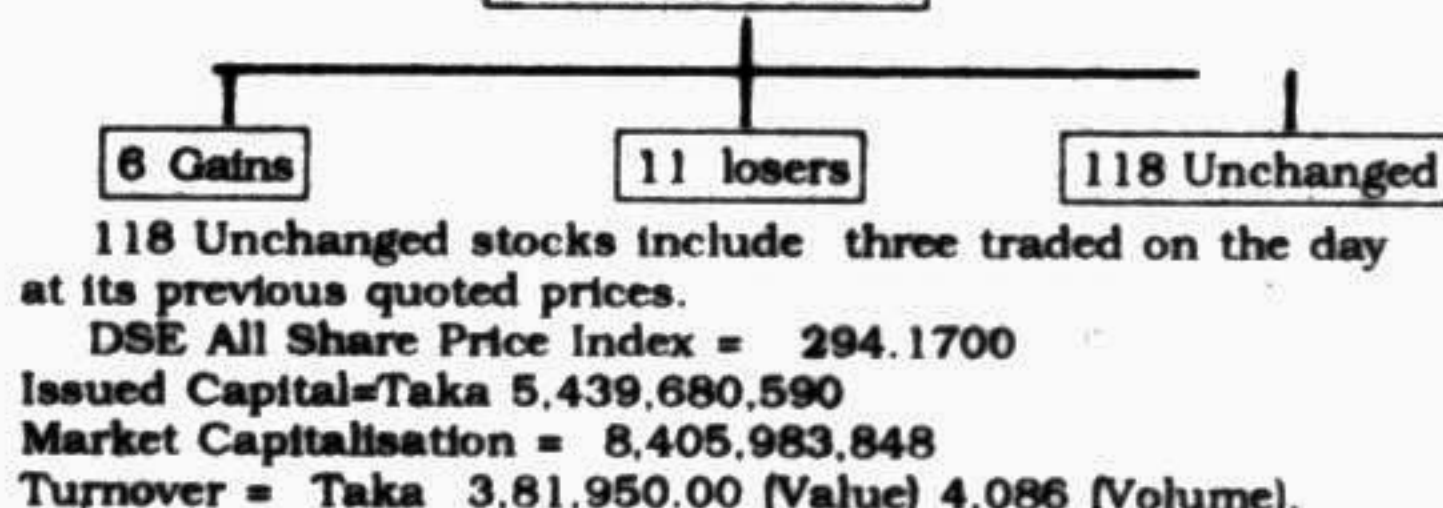
At the close of trading on October 1, 1991.

Company	EV/ML	Closing Rate
BANKS (Ten)		
AL Baraka Bank	1000/1	770.00
AB Bank	100/5	180.00
City Bank	100/5	2750.00
LFIC	100/5	177.00
Islamic Bank	1000/1	1190.00
National Bank	100/5	118.00
Punjab Bank	100/5	87.00
Rupali Bank	100/10	77.87
U.C.B.L.	100/5	119.00
Uttara Bank	100/5	190.00
INVESTMENT (Eight)		
ICB	100/5	92.00
1st ICB M.Fund	100/5	390.00
2nd ICB M.Fund	100/5	154.00
3rd ICB M.Fund	100/5	18.00
4th ICB M.Fund	100/10	131.00
5th ICB M.Fund	100/10	104.00
6th ICB M.Fund	100/10	68.50
ICB Unit Cert.		
Sales Price	115.00	
Re-purchase	110.00	
INSURANCE (Four)		
BGIC	100/10	106.00
Green Delta	100/10	116.75
Peoples	100/10	128.00AL
United	100/10	123.50
ENGINEERING (Nineteen)		
Aftab Automobiles	100/5	202.00
Atlas Bangladesh	10/50	39.50
Atlas Pipes	100/5	300.00
Bangladesh Autocars	100/5	93.19
Bangladesh Lamps	100/5	265.50
B.Thai Aluminium	100/10	90.63
Bengal Carbide	100/5	250.00
Bengal Steel	10/50	18.00
Eastern Cables	100/5	79.00
Howlader PVC	100/10	101.00
Karim Pipe	100/5	128.00
Matalex Corp.	100/5	117.00
Monno Staffers	10/5	200.00
Monno Jute	100/5	200.00
National Tubes	100/10	108.50
Panther Steel	10/50	6.00
Quasem Drycells	10/50	8.10
Remwick Jajrawar	100/5	70.00
Singer Bangladesh	100/5	990.00
FOOD & ALLIED (Twenty one)		
A.B. Biscuit	100/5	180.00
Alpha Tobacco	10/50	48.00
Amen Sea Food	100/5	36.00
Apex Food	100/5	340.00
Arora Tea	100/5	90.00
Bangor	100/5	305.00
Bengal Food	100/5	128.19
B.L.T.C.	100/5	600.00
B.T.C.	10/50	40.00
Cig. Vegetable	100/10	99.00
Dhaka Vegetable	100/5	135.13
E.L. Camella	100/5	700.00
Frogleg Export	10/50	4.50
Gemini Sea Food	100/15	100.00
Modern Industries	100/5	180.00
N.T.C.	100/5	280.00
Rabeya Flour	10/100	NT
Rupam Oil	10/100	6.05
Tulip Dairy	100/10	94.50
Yousuf Flour	10/50	NT
Zeal Bangla Sugar	10/50	8.10
FUEL & POWER (Three)		
Padma Oil Co.	10/50	40.00
Eastern Lubricant	10/50	14.00
Oxygen	10/50	52.00
JUTE (Twelve)		
Alad Jute	100/10	NT
Autonara Jute	10/50	NT
Delta Jute	10/50	8.50
GAZS (Ten)		
Gazania Jute	10/50	NT
Islam Jute	100/5	70.00
Jute Spinner	100/5	100.00
Mutual Jute	100/5	100.00
Northern Jute	10/50	NT
Shamser Jute	100/5	100.00
Specialized Jute	10/50	NT
Shree Pukur Jute	100/5	100.00
Sonali Aarsh	100/5	96.00
PHARMACEUTICALS & CHEMICALS (Fifteen)		
Ambec Pharma	10/50	14.30
Bangla Process	100/5	62.00
Beximco Pharma	100/5	172.00
Glaxo	10/50	125.00
ICI	10/50	10.00
Kohinoor Chemical	100/5	89.00
Petro Synthetic	10/50	16.00
Pfizer	100/5	110.00
Pharma Aids	100/5	170.00
Pharmaco	100/5	52.00
Progressive Plastic	110/5	46.00
Reckitt & Colman	10/50	240.00
Rohman Chemicals	100/10	47.00AL
Therapeutics	100/5	40.00
The Runista	100/10	90.00
PAPER & PRINTING (Six)		
Eagle Box	10/50	16.00
Monospool	100/5	105.00
Paper Converting	100/5	113.00
Paper Processing	100/10	106.00
Padma Printers	10/50	50.00
Sonali Paper	10/50	54.00
SERVICE (Two)		
Bangladesh Hotel	10/50	12.00
Bd. Service	10/50	NT
TEXTILES (Eighteen)		
Alhaj Textile	10/50	NT
Arbec Textile	100/10	NT
Ashraf Textile	10/50	29.00
Chand Textile	10/50	NT
Chand Spinning	10/50	NT
Dash Garments	100/10	65.00
Dumasia Cotton	100/10	34.50
Eagle Star	10/50	13.00
G.M.G. Ind. Corp.	10/50	40.10
Modern Dyeing	100/5	5.00
Quasem Silk	10/50	8.95
Quasem Textile	10/50	5.00
Rahim Textile	100/5	55.00
Satham Textile	100/10	78.00
S.T.M. (ORD)	100/5	50.00
Stylecraft	100/5	100.00
Swan Textile	100/5	60.00
Talib Spinning	100/10	117.00
MISCELLANEOUS (Fourteen)		
Apex Tannery	100/5	157.98
Armit	10/50	NT
Bata Shoe	10/100	36.52
Beximco	10/100	10.00
B.S.C.	100/5	45.00
Chittagong Cement	100/5	178.98
G. G. Ball Pen	10/50	63.00
H. N. L. Ltd.	10/100	NT
Milton Tannery	100/5	33.00
Monno Ceramic	100/5	150.50
Phoenix Leather	100/5	90.00
Savar Refractories	100/5	130.00
The Engineers	100/5	100.00
Umaria Glass	100/5	146.00
DEBENTURES (Four)		
Apex Tannery	1000/1	1044.00
(17% 1992)		
Bengal Food	900/1	920.00
(18.5% 1992)		
Beximco	2500/1	2630.00
Beximco Pharma	1571/1	1627.50
(17% 1997)		
Quasem Silk	2000/1	1790.00
(17% 1994)		

Dhaka Stock Exchange Market Profile

October-1

135 Listed Stocks



118 Unchanged stocks include three traded on the day at its previous quoted prices.
DSE All Share Price Index = 294.1700
Issued Capital = Taka 5,439,690,590
Market Capitalisation = Taka 8,405,983,848
Turnover = Taka 3,81,950.00 (Value) 4,086 (Volume).

KAFCO shareholders dismayed at govt's decision

'It's a serious violation of accords'

Star Economic Report

to government decision to renegotiate the agreement and delay in issuing the letters of guarantee for the export credit, the contractors have suspended any further work on the construction of the export-oriented urea manufacturing facility near Chittagong, the press release said.

The shareholders viewed the Government's action as one of repudiating and abrogating fully agreed, signed and effective contracts and agreements that KAFCO had with the Bakhraabad gas company, BCIC and the Ministries of Industry, Finance and Law. These contracts and agreements had been negotiated over several years.

The government's decision places the whole venture in jeopardy and could result in the collapse of the financial structure and in the loss of the equity capital already spent by the shareholders.

Specifically, the press release said, the foreign shareholders were mystified by the suggestion that the gas price agreement needed to be renegotiated. The gas supply and pricing contracts were signed on December 1, 1990 and following thorough review by the Ministries of Industry, Energy and Finance. The supply contract was signed by Managing Director, Secretary, Assistant Manager, all of Bakhraabad Gas Systems Limited and the management of KAFCO signed; and it was "acknowledged and accepted" by the Bangladesh Chemical Industries Corporation by Secretary (Acting), BCIC and General Manager, Project Implementation Division, BCIC.

The gas price and payment contract was signed by Secretary (Acting) for BCIC, witnessed by General Manager, Project Implementation Division.

BCIC; the contract was acknowledged and accepted for Bakhraabad Gas Systems by Secretary and Asstt Manager, BGSL, the press release said.

The pricing agreement called for KAFCO to pay for gas in foreign exchange. It set a floor price of US\$ 0.75 per thousand cubic feet of gas (Tk 28.50) rising indefinitely by US\$ 0.015 per thousand cubic feet for each US\$ 1.00 rise in the export price of urea. At today's urea price, the gas contract would return US\$ 1.30 per thousand cubic feet (Tk 48.7) to BCIC.

The government also informed the KAFCO shareholders that they want to renegotiate the texts of loan guarantees to cover the export credits from Japan, Italy, and Romania that will be used to finance the procurement of equipment from these countries.

The shareholders maintained that approval in principle was given to KAFCO for the issuance of the guarantees covering the full amount of export credits by the government in July, 1990.

Modifications and deletions in the texts of the guarantee documents were requested of the Government in April, '91. These modifications of the guarantees were thoroughly discussed with Government representatives on the 18th and 19th of June, 1991.

The final agreed minutes of the discussion was signed on behalf of the GOB by Shaiful Alam, Secretary, Ministry of Industry, Sharief Ullah, Joint Secretary, Ministry of Finance, and M Rahman, Deputy Secretary, Ministry of Law and Justice and by the Y Miyairi, Manager of the Export-Import Bank of Japan, and the Finance Adviser of the Industrial export S A of Romania.

In this minutes it was agreed that no further modi-

fication of the text was required and that the letters of guarantee should be issued on or before 15 July, 1991, the press release said.

On the basis of the gas contract and the "approval in principle" on the guarantees from July, 1990 that would open the way for KAFCO to borrow the necessary money to permit the fabrication of equipment for the Chittagong factory, all the equity holders in the company including GOB moved forward aggressively to build the factory. At present there are 1400 workers preparing the site in Chittagong. These will lose

their jobs because of the suspension of work.

The KAFCO foreign shareholders were particularly disquieted because the special Ministerial Sub-Committee of the Cabinet asked to review the KAFCO arrangements did not obtain evidence from the officers of the KAFCO or seek independent opinion of the KAFCO business arrangements. In this context it has to be pointed out that being an export-oriented project, the gas pricing arrangements must reflect the ruling gas prices in other countries for gas based chemical industries. The ruling gas prices for export in-

dustrial ranges from a low of around US\$ 0.40 to US\$ 0.70 per thousand cubic feet. The Bangladesh floor price of US\$ 0.75 per thousand cubic feet is among the highest for export-oriented projects in the Asian region. The necessity to maintain international competitiveness of the project in foreign export market was not examined by the Cabinet Committee, the press release added.

The shareholders maintained that the project is expected to generate a net foreign currency income in excess of US\$ one billion to Bangladesh and is considered a showcase project for private joint ventures in developing countries. The factory will employ about 800 skilled permanent workers during operation and will contribute to the transfer of high technology to Bangladesh, the press release added.



AK Qureshi, Managing Director, BASIC and Mohammed Maniruzzaman Chowdhury, Chairman, BSCIC signed a MOU to help small industries.

BSCIC, BASIC sign MOU

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A memorandum of understanding (MOU) was signed on Tuesday between Bangladesh Small and Cottage Industries Corporation (BSCIC) and Bank of Small Industries and Commerce (BASIC) with the main objective of making quality tools and providing financial assistance among rural blacksmiths using appropriate technology.

AK Qureshi, Managing Director, BASIC and Maniruzzaman Chowdhury, Chairman, BSCIC signed the memorandum on behalf of their respective organisations.

It may be mentioned that with the co-operation of the Development of Rural Industries (DRI) and financial assistance from UNDP/ILU, this programme will be conducted to provide financial and marketing assistance along with skill development trainings among 35,000 blacksmiths in making tools used in agriculture, housing, leathercrafts and wood working.

To make these tools as an import substitute about Taka 20 lakhs will be spent in all four divisions of the country during the next four years. Moreover this will contribute a lot in employment generation among the rural mass.

IMF to release \$195m under ESAF plan this year

Star Economic Report

The International Monetary Fund (IMF) has approved the second year ESAF programme for Bangladesh for an enhanced total amount of 469 million US Dollar as against the original programme of 346 million Dollar.

Accordingly, total release in the current financial year will be 195 million Dollar of which 110 million Dollar will be released now and the remaining amount in early 1992, says a press release issued by the Bangladesh Bank.

While approving the second year's ESAF programme, the Fund appreciated the bold measures taken by the newly elected democratic Government in economic management, particularly in areas like budgetary, fiscal, monetary and exchange rate policies. However, the Fund was critical of the performance of some public sector agencies like Bangladesh Railway, Power Development Board and Jute sector and stressed the need for increased effort to mobilise additional domestic resources to meet the higher salary bills of Government employees.

Agrani Bank waives Tk 20cr more farm loan

Star Economic Report

Agrani Bank further exempted agricultural loan to the tune of Tk 20 crore waived earlier upto August 31, 1991. Thus the total agri-loan waived so far by the Bank stood at 36.00 crore.

It may be mentioned here that 66263 farmers have been benefited under this programme. The waiver of agricultural loans under this programme is still continuing.

EC support to uplift efforts reiterated

Star Economic Report

Ambassador J. Bailly, head of the delegation of the European Commission (EC) in Dhaka, attended as special guest the inaugural ceremony of the training workshop (24-29 September) organised at the Rural Development Academy in Bogra, for the assistant commissioners, land and upazila revenue offices in the context of the cluster village project financially and technically supported by the European community.

The Secretary, Ministry of Land, Mr. Muhammed Ali was the chief guest. Addressing the workshop, ambassador Bailly reiterated the support of the European Community to the development efforts of Bangladesh. He explained the EC policy towards the developing nations of Asia and various facts of assistance provided to Bangladesh in different sectors.

He stressed the importance of the cluster village project as a contributing factor in alleviating poverty among the poorest section of the population, the landless. In this connection, he also laid

importance to the role of women in the overall development efforts as well as put emphasis on making the cluster villages economically self-sustaining.

The Ambassador went to Rangpur, to see for himself the progress of the Rangpur region Rural Development Project, co-financed by the EC and the Netherlands. In the field, he visited areas where different programmes are currently carried out under the RD-9 project component in Taraganj, Pirgacha, Gobindaganj, Pirganj and Badarganj upazilas.

He met several rural groups involved in new income generating activities and attended training sessions for group organizers, as well as social awareness training for group members. He also visited rural roads constructed under the RD-8 component of the programme.

Price Barometer: Essentials

October-1

RICE	(Taka per kg)
Amam (Very fine)	20.00-21.00
Amam (fine)	15.50-17.00
Patil	14.00-15.00
Ufisi	13.00-14.00
VEGETABLES	(Taka per kg)
Potato (White)	7.00
Brinjal	14.00-18.00
Lady's finger	16.00-20.00
Peas	16.00-18.00
Kardali	18.00-20.00
Lalchak	8.00-10.00
Pui Shak	6.00-8.00
Pappa	6.00-7.00
Green Banana (Four Pieces)	6.00-8.00
OTHER FOODGRAIN	(Taka per kg)
Flour	13.00-14.00
Ata	10.00-11.50
Wheat	8.00-9.00
Suzi	17.00-18.00
FISH	(Taka per kg)
Rohu (big)	13.00-14.00
Katla (big)	10.00-11.00
Hilsa	40.00-45.00
Pungas	95.00-100.00
Shrimp (big)	80.00-85.00
Singi	80.00-90.00
Koi	80.00-90.00
EGG (4pc)	(Taka per kg)
Hen	13.00
Duck	13.00
Fan	13.50-14.00
PULSES	(Taka per kg)
Mash	32.00-34.00
Mashor	27.00-28.00
Mooch	27.00-28.00
Chholu	24.00-25.00
Matar	24.00-26.00
Khasi	16.00-18.00
MEAT	(Taka per kg)
Beef	55.00-60.00
Mutton	80.00-90.00
OIL	(Taka per litre)
Mustard	54.00-56.00
Soyabean	37.00-38.00
Sesame (Colombo)	70.00-80.00
Vegetable Ghee	50.00-55.00
SPICES	(Taka per kg)
Onion	20.00-21.00
Garlic	40.00-52.00
Chillies	