

Consultative Week on investment begins today

A Consultative Week on investment begins today (Saturday) to gear up the country's rapid industrialisation programme, reports BSS.

This will help fulfil the required queries of the private entrepreneurs and investors of home and abroad.

Jointly organised by Industries Ministry, Board of Investment and BSCIC, the inaugural function of the programme will be held at the auditorium of Bangladesh Chemical Industries Corporation today.

The officers of the Board of Investment, BSCIC and other concerned agencies will be available at the head office of the Board of Investment to assist and advice the investors and the entrepreneurs.

BCCI pleads guilty to racketeering

WASHINGTON, Jan 10: The collapsed Bank of Credit and Commerce International (BCCI) pleaded guilty to racketeering charges in a US Federal Court Thursday, after creditors filed to block a plea bargain agreement, reports AFP.

But US district Judge Joyce Hens Green said she would not rule until January 24 on the plea bargain, under which BCCI would forfeit its US assets, an estimated 550 million dollar, to the US authorities in return for the dismissal of other federal cases against it.

The judge said she needed time to study the agreement and objections to it by other BCCI creditors.

Government Attorney Ira Raphaelson told the court that the plea bargain reflected society's need for justice, and that "we want to permanently incapacitate BCCI in this country."

AP from New York adds: A bankruptcy judge has refused to block a plea agreement between the government and BCCI, clearing the way for a judge in Washington to approve what's been called the largest criminal forfeiture in US law enforcement history.

US bankruptcy Judge James Garrity late Wednesday denied a bid by BCCI creditors to halt the US government's plans to have Bank of Credit and Commerce International forfeit all of the US assets, estimated at 550 million dollar.

Exchange Rates

(Valid for Jan 10, 11)

SELLING AND BUYING RATES, offered by Commercial Banks, for Bank Cheques, BCI and Overseas Drafts (ODs)	
One Unit of Foreign Currency (FC) in Taka	
FC	Selling Buying
US Dollar	38.9926 38.4481
UK Pound Sterling	73.1089 72.3047
German Deutsche Mark	25.8396 25.3015
French Franc	7.5627 7.4642
Saudi Riyal	10.4106 10.2811
Dutch Guilder	22.8980 22.8393
Pakistan Rupee (AMU*)	1.5700 1.5550
Singapore Dollar	24.0058 23.7070
UAE Dirham	10.8364 10.5041
Kuwait Dinar	Not available
Indian Rupee	
AMU	1.4983 1.4841
S. Kroneer	7.0819 6.9874
*AMU-Asian Monetary Unit	
SECONDARY EXCHANGE MARKET	
Wage Earners Fund/ Export Performance Benefit (XPB) Fund	Buying Selling
US Dollar	38.70 38.75
UK Pound	72.51 72.56
Saudi Riyal	10.35 10.40
UAE Dirham	10.57 10.62

* The rates of Pound Sterling are decided basing on the cross rates of New York market.
Source: Small Bank

Share market: Retrospect and prospect

Commentary

By Abu Ahmed

Bearism, which symbolises a general downward trend in share prices, prevailed in Bangladesh share market for too long a period starting from the beginning of 1989. And, the situation as such, can not be called a bearish one as bearism connotes always a temporary phenomenon in price fall. Rather, the situation should be described as stagnation at a pre-take off level.

Bangladesh share market never had the opportunity to flourish at a level of making its presence felt across the strata. For a brief period in 1987 and 1988 it saw a sudden rise in prices. It also happened mostly from fuelling of speculation by the investors and increased money supply in the market.

Apparently that too-bullish situation pleased everyone though it hurt many, mostly the small but genuine investors who could not run away from it by leaving their shareholdings on to some others at that excessive price. Those who burnt their fingers in that situation later withdrew from the market gradually by selling off their shares at a huge loss.

Now, perhaps, many of them have turned towards investing their left-over money either in govt-sponsored risk-free saving certificates or in real estate like housing. The speculation-fueled prices of shares did come down over the last two years, and now many want to call them staying at least than the expected level.

The first hit in terms of price fall came to the local and relatively unknown companies shares followed also by local but relatively known companies shares and then spreading over to multinationals. For a long time ICB's merchandising items like its six Mutual Funds withstood the pressure of price fall, but eventually those also gave in.

In 1991 the worst-affected shares in terms of low price were those of ICB's Mutual Funds followed by those of banking companies. The bankshares in one time considered by investors as dependable. This happened in the face of issuance of BCD Circular No. 34, outlining stringent conditions for loan classification and provision making against the classified loan.

In the meantime the investors who were still staying in the share market tried to survive by a frenzy reshuffle of their port-folios, but very few could succeed in averting further loss. The conflicting and not-too-careful policy of the government towards share-market contributed to uncertainty apart from many other unpredictable behaviours such as sudden fall in cash dividends by some of the companies etc.

Last year (1990-91), the govt imposed a provision for the companies enjoying tax-holiday for buying govt bonds by spending 50 per cent of their net profit. That led the companies to reduce dividend

offer on the plea of liquidity shortage. This year an additional 10 per cent tax was imposed on the shareholders, which is known as income tax on dividend income. Surprisingly, there was no good coordination between the Ministry of Finance and the National Board of Revenue about the taxes.

The small investors suffered losses wherever they turned to. Some companies after giving good cash dividends for a couple of years started to offer paper assets like right and bonus shares. Normally, these offerings are good, but in Bangladesh they act in the opposite direction, as with these offerings the equity base of the company are broadened and the companies can not maintain their previous dividend rates.

In the last week of 1990, the Dhaka Stock Exchange (DSE) All Share Price Index was 351. This was much lower, even less than half of the comparable indices during the previous years. This low index further fell in 1991 to 294, which, in other words, means a 16.33 per cent fall in general share prices.

Who will buy the shares when someone is to loose at such a rate which can not be compensated by all the benefits of share holdings?

In 1990, 25 companies, an average, declared dividends at the rate of eight per cent. Almost the same companies

declared seven per cent dividend in 1991. The fall in dividend took place when the government imposed an additional 10 per cent tax on dividend income. This means, the investors practically had five per cent take-home cash dividend after the deductions of levies and income tax are taken into account. Is it then not a nonsense to expect that investors to stick to the share market still? ICB for years had been offering good dividends on Mutual Funds but suddenly reduced them in 1991. Why? The simple fact is that it could not earn enough to pay. Did ICB earn money in previous years to pay that all-pleasing dividend rates?

Not so, it paid by over-spending its capacity being subsidized in many ways. In 1991, ICB's Mutual Funds lost an average, about 20 per cent in price. Most of the falls took place after July '91 when ICB announced its lowered dividend rates.

The situation in 1991 was quite disappointing, and indignative and it seems that this situation will continue through 1992 also. It will remain clogged in uncertainty unless the government pays more attention to the operational aspects of share market. In isolation it can not prosper or regain prosperity, it can rather prosper as part of the overall capital market.

The capital market needs reform in many areas, among which the auditing and the

competitiveness in transactions are important. Reports and recommendations are important but putting them for definitive purposes is more important. Hope all-too busy government will find time to pay attention to this very important aspect of the economy.

Recently it was reported the government is taking steps to put the Dhaka market on a moving wheel. It was also reported that it started the act by putting the DSE on notice. These moves are welcome, but there is apprehension around that these moves will turn into futile exercise unless they are accompanied by necessary actions in other fields.

Isolated steps here and there will not produce the desired result in revamping the share market by restoring the confidence of investors. It is hoped that the bureaucrats and other government functionaries will not spend their energy by trying to fix up a thing which is almost impossible to be done.

If they know where the problem is they should come strongly to cure it. A hesitant move will end in vain and will even complicate the matters. What is reduced is a constant vigilance in the share market by a competent mechanism. It should be ensured that vested quarters can't manipulate the operation of the market.

The writer is an Associate Professor of Economics at Dhaka University.

Tourism policy by month-end likely

Pakistan may scrap credit ceilings on banks

KARACHI, Jan 10: The Pakistan government is likely to scrap its credit ceilings on banks and move towards open market operations. State Bank of Pakistan (SBP) officials said, reports Reuters.

They said state bank directives would probably be introduced during fiscal 1992/93 (July/June), fulfilling government promises to scrap controls imposed in 1975 and use sales and purchases of Treasury Bills and Bonds to regulate credit levels.

"It will help in mobilisation of resources" one official of the central bank said.

Foreign and Pakistani Bankers welcomed the move and said it would broaden the presently restricted credit market.

Tariq Hussain, Treasury Manager of ANZ-Grindlays Bank in Pakistan, said it would strengthen the started auctioning T-Bills and bonds a year ago.

Shahid Anwar Khan, Senior Vice-President of the state-owned National Bank of Pakistan said, "It will remove the artificial credit ceiling, enlarge scope of credit and improve bank profits". Banks used to be allowed to advance 65 per cent of deposits, but since 1975 have had to place 30 per cent of deposits in government approved securities, five per cent as cash margin and seven per cent of total loan advances in special SBP deposits.

The government is planning to boost the country's tourism sector with assistance from the international organisations, UNB reported Friday.

Official sources said a draft policy envisaging a massive five-year development plan for the tourism industry has already been finalised and it is expected to be placed before the cabinet meeting and the parliament for approval.

The government is likely to announce the country's first ever tourism policy by the end of this month, the sources said.

The draft policy includes steps for developing the tourism-potential areas in pursuance with a master plan formulated earlier. It proposes mapping out seven zones of tourist attracting places throughout the country.

The areas are capital city and adjoining areas, Mainamati in Comilla, Chittagong Metropolis and adjoining areas, coastal islands including Sonadia in Cox's Bazar, Chittagong Hill Tracts, Mongla, the Sundarbans, Kuakata Seabach at Patuakhali and Hiron Point, Sylhet Tea Garden and other hilly areas and Paharpur, Mohastangar, Dinajpur temple and other areas of the northern parts of the country.

The draft policy emphasises on increased allocation for the development of the sector by installing modern infrastructural facilities in the tourist spots and an appropriate communication network.

The policy suggests easing of travel rules, creating more recreational facilities in the tourist spots and construction

of more hotels and lodges to increase the inflow of foreign tourists in the country.

It envisages extensive campaigns abroad to motivate more package tourists.

According to the draft policy, a few identified areas and islands are to be developed with all sorts of recreational facilities only for the foreigners to attract more tourists.

It stresses special attention to develop Kuakata in Patuakhali where the impeccable beauty of both sun rise and sun set can be observed in all clarity.

Sonadia Island in Cox's Bazar which is embroiled with sandy beach and rocky inland mirroring an extraordinary blend of natural beauty, can also be developed as an exclusive spot for the foreign tourists.

The policy also mentions the need for private initiative to develop the tourist spots

and attract foreign investors for the purpose.

It further suggests providing facilities like export business for the investors interested in developing the tourism projects.

To encourage the private investors the draft policy has suggested provisions for various facilities like loans, tax holiday, government land in cheap price and reduced taxes.

Termining the tourism sector as multi-dimensional, the draft policy emphasises on close co-ordination of various ministries and departments to accelerate the development of the industry which is said to be the third biggest in the world.

The tourism industry in the world, employing about 112 million people, generates more than 2.5 trillion dollar in gross output which is 5.5 per cent of the global GNP.

At present, on an average a little more than one lakh foreigners visit the country every

year, which, a tourism department source said, is very poor compared to the neighbouring countries.

The source said every year more than two lakh tourists travel to the Maldives, 45 lakh to Thailand and over 15 lakh to India.

Tourists stay longer period in India which is on an average about 27 days while it is less than 10 days in Bangladesh.

Thailand earns more than two billion US dollar every year from tourism while India's turnover is about one billion dollar and Bangladesh's stands at less than one million dollar.

Beside publicity and developing tourism spots and other facilities, the source said, modern techniques will have to be applied to attract more tourists into the country.

In this context, he said, the prevailing "social environment" is one of the hurdles in attracting tourists in the country.



Amanullah Miah, Chairman, Executive Committee of Al-Baraka Bank Bangladesh Ltd delivering presidential speech at the managers' conference of the bank on Thursday at its head office. Adviser Dr A M A Rahim, Executive President Dr S A Shakoor and Executive Vice President M Eusuf Chowdhury were present.

Bureau of Statistics survey says

Rice consumption up in towns, wheat in rural areas

Star Economic Report

The per capita consumption of rice has increased in urban areas while that of wheat has gone up in rural areas. The intake of potato, vegetables, milk and meat has declined in both urban and rural areas, says a survey report published very recently.

The report, titled the Household Expenditure Survey, was published by the Bangladesh Bureau of Statistics as the fourth and the last of the series in the decade of eighties. The survey was undertaken to assess the trend of consumption pattern in the country and covers the period of 1988-89. The three other surveys were done for the periods 1981-82, 1983-84 and 1985-86.

Findings of the survey have been categorized to project level of income, sources of income, level of expenditure, level of food expenditure pattern, per capita daily intake of food, per capita daily intake of calorie and protein, distribution of income, incidence of absolute and hard-core poverty and so on.

According to the report, fish consumption has increased in urban areas and

decreased in rural areas. This means there has been a shift from protein-rich foods to those foods which involve more carbohydrates and fatty substances in the rural areas.

Food expenditure pattern shows people spend 51 per cent of their income on cereals where meat and fish items account for 13 per cent of the expenditure on food.

The report says, spendings on cereals, edible oil and spices have fallen gradually while fish and meat products, vegetables and miscellaneous items accounted for significantly increasing expenses during the period 1973-74 to 1988-89. Compared with 1985-86, spendings on meat and fish items have stagnated or even declined in 1988-89.

During the period between 1985-86 and 1988-89, the report says, per capita daily calorie intake has increased at a rate of only 0.4 per cent per year. This is lower compared with 2.1 per cent growth achieved during 1984-86 period. As elsewhere, per capita daily calorie intake has increased at a higher rate in urban areas than in rural areas.

The average national figures on sources of income show agriculture account for about 33 per cent, business and commerce 15 per cent, professional services and wages/salaries nine per cent, housing services 10 per cent, gifts and remittances seven per cent and other sources of income 25 per cent.

Compared to 1985-86 situation, the share of agricultural income has broadly remained stagnant at 33 per cent in 1988-89, while the corresponding figure for income from businesses and commerce has declined from 18 to 15 per cent during the same period.

The significant change which has taken place during 1988-89 period seems to be associated with the rising share of the so-called other sources of income.

The report observes, other sources of income constitute mainly disavvings and disinvestment of assets, largely reflecting growing vulnerability of rural poor households to sudden and unanticipated shocks, especially in disaster affected years.

Dhaka Stock Prices

At the close of trading on Jan 2, and 9, 1992

Company	EV/ML*	1992-92			
		Jan 2	Jan 9	High	Low
BANKS (10)					
Al-Baraka Bank	1000/1	1080.00	1080.00	1080.00	760.00
AB Bank	100/5	177.00	177.00	185.00	155.00
City Bank	100/5	270.00	270.00	290.00	172.00
LFJ.C	100/5	180.00	180.00	200.00	170.00
Islamic Bank	1000/1	1320.00	1320.00	1400.00	1190.00
National Bank	100/5	104.00	105.00	118.00	103.00
Pubali Bank	100/5	100.00	100.00	110.00	85.00
Royal Bank	100/10	88.00	88.00	110.00	66.00
U.C.B.L	100/5	120.00	120.00	131.00	115.00
Ultras Bank	100/5	190.00	190.00	200.00	160.00
INVESTMENT (08)					
ICB	100/5	90.00	90.00	95.00	90.00
1st ICB M.Fund	100/5	345.00	340.00	400.00	340.00
2nd ICB Fund	100/5	150.00	150.00	190.00	150.00
3rd ICB M. Fund	100/5	126.00	125.00	160.00	125.00
4th ICB M. Fund	100/10	120.00	120.00	145.00	120.00
5th ICB M. Fund	100/10	90.00	90.00	128.00	90.00
6th ICB M. Fund	100/10	65.00	65.00	91.50	59.50
Sales Price		116.00	116.00		
Re-purchase		111.00	111.00		
INSURANCE (04)					
BGC	100/10	106.83	109.00	113.50	104.00
Green Delta	100/10	114.00	122.04	122.00	106.00
Peoples	100/10	120.00AL	120.00AL	133.00	120.00
United	100/10	126.00	126.00	133.00	116.50
ENGINEERING (19)					
Afab Automobiles	100/5	182.00	182.00	208.00	182.00
Atlas Bangladesh	1050	41.00KD	41.00	49.97	38.00
Autz Pipes	100/5	246.00	245.00	300.00	218.00
Bangladesh Autocars	100/5	70.00	72.00	105.00	70.00
Bangladesh Lamps	100/5	235.00	240.00	266.00	235.00
B.Thal Aluminium	100/10	87.00	87.00	110.00	75.00
Bengal Carbide	100/5	220.00	220.00	250.00	220.00
Bengal Steel	10/50	18.00	18.00		
Eastern Cables	100/5	88.00	88.00	100.00	75.00
Howland PVC	100/10	100.00	99.00	125.00	97.00
Karim Pipe	100/5	133.00	135.00	139.00	112.00
Metalox Corp.	100/5	110.00	110.00	153.07	75.00
Monno Staffers	100/5	200.00	200.00	200.00	200.00
Monno Jute	100/5	240.00	240.00	240.00	210.00
National Tubes	100/10	124.00	123.00	148.46	103.00
Panther Steel	10/50	6.00	6.00		
Quasem Drycells	10/50	7.38	7.38	9.30	7.50
Rerwick Jaineswar	100/5	85.00	85.00	100.00	48.00
Singer Bangladesh	100/5	700.00	700.00	1010.00	700.00
FOOD & ALLIED (21)					
A.B Biscuit	100/5	180.00	180.00	200.00	180.00
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	450.00	448.00	450.00	270.00
Aroma Tea	100/5	70.00	70.00	85.00	45.00
Bargos	100/5	155.00	155.00	155.00	155.00
Bengal Food	100/5	250.00	250.00	255.00	111.00
B D Plantation	100/5	114.00	113.00	250.00	250.00
B.L.T.C.	100/5	500.00	500.00	500.00	400
B.T.C.	10/50	41.00	41.00	83.00	35.00
Cig. Vegetable	100/0	85.00	85.00	117.00	85.00
Dhaka Vegetable	100/5	149.00	145.00	175.00	127.00
E.L. Cement	100/5	1000.00	1000.00	1000.00	1000.00
Frog Export	4.50	2.50	2.50	6.75	2.50
Gemini Sea Food	100.00	100.00	100.00	100.00	100.00
Modern Industries	100/5	300.00	300.00	160.00	135.00
N.T.C.					