

More steps sought to boost exports

Star Economic Report

The Metropolitan Chamber of Commerce and Industry (MCCI) study points out the fact that currency devaluation cannot be the panacea for solving the deteriorating problems of price competitiveness is already well-established. The experiences of several other countries during the last decade show that maintenance of real exchange rate favourable to exporters, though important, is not a sufficient condition for export competitiveness. It says, Complementary policies and well-designed incentives are equally critical, especially if export growth is to take place within a broader-based development process it views. In fact, all developing countries with strong export performance relied more on fiscal and monetary incentives than on exchange rate factor, it adds.

The MCCI study cites the examples of many Latin American and Sub-Saharan African countries, which tried to stimulate export competitiveness through devaluations of their currencies under the structural adjustment programmes sponsored by the IMF and the World Bank have performed poorly. It says in fact, the coun-

tries, where currency depreciation, in real terms, was more pronounced, performed worst in export performance. Ethiopia, Togo, Sierra Leone, Sudan, Tanzania, etc recorded negative or below average rates of growth of manufacturers exports and in most cases, the shares of exports to GDP declined, the study adds.

Latin American countries, like Argentina, Bolivia, Peru, etc also recorded marginal growth in export despite substantial devaluations while the Newly Industrialising Countries (NICs) recorded substantial growth in export and continued to maintain the uptrend in international competitiveness without having undertaken any IMF/World Bank sponsored structural programmes, the study points out.

In fact, many of the NICs in the recent years recorded significant growth in exports with relatively over-valued currencies, the study adds.

The study observes that several world agencies including UNCTAD studied whether devaluation, which is a standard part of adjustment programmes, is the most appropriate means to be followed in the economies as fragile and weak

as those of the LDCs. It mentions that UNCTAD studies point out that the effect of devaluation in the LDCs is consistently negative and in the long run, 10 per cent devaluation resulted in 6 per cent decline in output.

The study says that it was found devaluation in the LDCs neither a significant positive effect on exports or foreign direct investment, nor a significant negative impact on imports.

This provides strong support for the view that the fragile economic structure of the LDCs creates particularly difficult problems for stimulating price competitiveness through devaluation, it views. Besides, such devaluations could not result in devaluation of effective exchange rate due to higher inflation which followed, it added.

The MCCI study points out that in Bangladesh, during the last decade, Taka was devalued by nine per cent annually in nominal terms, but because of higher inflation, there was no noticeable devaluation in real effective exchange rate, for which devaluation did not have any positive impact on price competitiveness of the export products.

The study views that in today's competitive world, labour cost, product quality, terms of financing etc are important factors for competitiveness and this implies that export financing mechanism and institutional support are vital for export promotion. It regrets that in Bangladesh, the banks hardly play a supporting role.

Exporters are supposed to get up to 90 per cent advance on L/C value as export financing but it is never available in reality, the study states. In Pakistan and India, exporters get up to 100 per cent export financing from the banking system, it further states. The rate of interest is also an important factor and the rate of interest for export financing under the flexible rate in between 8 per cent and 12 per cent, the study says. However, in reality, the rate of interest is 14, it observes.

On the other hand, the duty drawback scheme is not only cumbersome but of very little help to the exporters, the study adds.

Accordingly, the issues should be reviewed seriously at the highest levels if stability in the country's balance of payments is to be maintained, the study concludes.

Grant to raise jute use in industries

Star Economic Report

The Common Fund for Commodities (CFC), the Amsterdam based international organisational established to finance projects and programmes of international commodity bodies, has decided to finance on IJO (International Jute Organisation) Industrial Project "Improvement of Physico-Chemical Properties of Jute/Kenaf Fibre and Fabrics for the Production of Value-added and Diversified Products".

This was decided at the meeting of the Executive Board of the CFC on March 3 1992 in Amsterdam. The funding will be on grant basis up to SDR 438,070 (US\$ 628,500 equivalent) according to IJO sources.

The implementation of the project is expected to start in May 1992. The overall all objective of the project is to sus-

tain the use of jute/kenaf in industrial products by improving the quality and increasing the added value and in the manufacture of new value-added diversified products. In order to substitute products made from costlier fibres than jute and Kenaf.

It is anticipated that as a result of the project jute consumption will increase in the following areas: traditional packaging products, carpet backing etc as well as in new diversified products including household textiles.

While the immediate beneficiaries of this development will be the jute processing industry and the decentralised sectors, viz handloom and handicrafts, the jute sector as a whole will benefit from increased demand for jute/kenaf.

Dhaka Stock Prices

At the close of trading on Mar 9, 1992

Star Economic Report

Trading sees slight improvement

Business at Dhaka Stock Exchange (DSE) showed a slight improvement on Monday. Although there were two gainers but losers ruled the floor. Seven shares lost while none traded at the previous quoted prices.

The day's total transactions both in volume and value increased. In all, 1064 papers traded valuing Tk 52618. Market capitalisation declined from Sunday's Tk 8,279,450,765 to Tk 8,268,717,417.

The DSE Composite Price Index lost 0.300 points and stood at 289.1117.

THE DAY'S TRADING AT A GLANCE

DSE All Share Price Index 289.1117
Market Capitalisation (TK) 8,268,717,417
Turnover (in value TK) 52618
In Volume 1064

Company	FV/ML	Previous Day's Price	Closing price	Change (Absolute)	Change (% over previous price)
Gains (02)					
Shares:					
Dhaka Vegetables	100/5	112.50	113.00	+0.50	0.444
Debiture:					
Beximco Pharma	1428/1	1435.00	1440.00	+5.00	0.348
Losses (07)					
Shares:					
Bangladesh:					
Autocars	100/5	78.10	71.00	-7.10	9.090
Bengal Food	100/5	115.00	111.00	-4.00	3.478
3rd ICB M					
Fund 100/5	130.00	126.20	-3.80	2.923	
Metalex Corp	100/5	103.00	102.00	-1.00	0.970
6th ICB M					
Fund 100/10	60.00	59.25	-0.75	1.250	
Eagle Star	10/50	17.50	17.00	-0.50	2.857
Oxygen	10/50	41.00	40.58	-0.42	1.024

SHARES & DEBENTURES LISTED WITH DSE

Company	FV/ML Tk	Jute Spinner	Mutual Jute	Northern Jute	Shamser Jute	Specialised Jute	Shine Fakur Jute	Sonali Aarsh
BANKS (10)								
AL Baraka Bank	1000/11090.00	100/5	95.00	100/5	106.00			
A.B Bank	100/5 188.00	100/5	100.00	100/5	100.00			
City Bank	100/5 265.00	100/5	100.00	100/5	100.00			
IFLC	100/5 183.00	100/5	93.00					
Islami Bank	1000/11810.00							
National Bank	100/5 102.33							
Pubali Bank	100/5 102.00							
Rupali Bank	100/10 90.00							
U.C.B.L	100/5 123.00							
Uttrara Bank	100/5 158.00							
PHARMACEUTICALS & CHEMICALS (15)								
Ambee Pharma	10/50	11.75						
Bangla Process	100/5	56.00						
Beximco Pharma	100/5	197.00						
Glaxo	10/50	125.00						
I.C.I	10/50	10.00						
Kohinoor Chemical	100/5	76.00						
Petro Synthetic	100/50	17.17						
Pfizer	100/5	110.00						
Pharma Aids	100/5	150.00						
Pharmaco	100/5	60.00						
Progressive Plastic	110/5	40.00						
Reckitt & Colman	100/50	290.00						
Rahman Chemicals	100/10	39.67						
Therapeutics	100/5	85.00						
The Ibrania	100/10	92.00						
PAPER & PRINTING (06)								
Eagle Box	10/50	25.50						
Monosopul	100/50	95.00						
Paper Converting	100/5	115.00						
Paper Processing	100/10	60.00						
Padma Printers	10/50	50.00						
Sonali Paper	10/50	50.00						
TEXTILE (18)								
Alhaj Textile	10/50	NT						
Arbee Textile	100/10	NT						
Ashraf Textile	10/50	26.75						
Chand Textile	10/50	NT						
Chand Spinning	10/50	NT						
Desh Garments	100/10	58.00						
Dulamia Cotton	100/10	74.00						
Eagle Star	10/50	17.00						
GMG Ind. Corp.	10/50	15.00						
Modern Dying	10/100	4.50						
Quasem Textile	10/50	6.85						
Rahim Textile	100/5	90.00						
Saifam Textile	100/10	76.00						
S.T.M. (ORD)	100/5	48.00						
Stylecraft	100/5	100.00						
Swan Textile	100/5	60.00						
Talhu Spinning	100/10	104.00						
MISCELLANEOUS (18)								
Apex Tannery	100/5	187.00						
Aramit	10/50	NT						
Bata Shoe	10/100	32.38						
Beximco	10/100	9.80						
B.S.C	100/5	50.00						
Chittagong Cement	100/5	220.00						
G. Q. Ball Pen	10/50	52.00						
High Speed	100/5	100.00						
Himadri Ltd.	10/100	6.00						
Milton Tannery	100/5	25.00						
Monno Ceramic	100/5	149.00						
Phoenix Leather	100/5	105.00						
Savar Refractories	100/5	97.00						
The Engineers	100/5	100.00						
Uamasta Glass	100/53	214.00						
DEBENTURES (08)								
Apex Tannery	1000/1	1000.00						
(17% 1992)								
Bengal Food	600/1	600.00						
(18.5% 1992)								
Beximco Pharma	1428/1	1440.00						
(17% 1997)								
Quasem Silk	1900/1	1750.00						
(17% 1994)								
FUEL & POWER (03)								
Padma Oil Co.	10/50	40.00						
Eastern Lubricant	10/50	14.00						
Oxygen	10/50	40.58						
JUTE (12)								
Ahad Jute	100/10	NT						
Anowara Jute	10/50	NT						
Delta Jute	10/50	8.50						
Gawalia Jute	10/50	NT						
Islam Jute	100/5	60.00						
Exchange Rates								
The following are the Commercial Bank's BC selling and TT (C), OD transfer buying rates for some selected foreign currencies effective on March 8, 9 and 10.								
Currency	SELLING	TT(C)	BUYING	OD Transfer				
US dollar	38.9326	38.7087	38.4481	38.4481				
Poundsterling	66.8852	66.5506	66.1322	66.1322				
DM	23.3559	23.2068	23.0504	23.0504				
FF	6.8749	6.8317	6.7872	6.7872				
S Riyal	10.4067	10.3469	10.2772	10.2772				
D Guilders	20.7607	20.6303	20.4914	20.4914				
S Kroner	6.4437	6.4013	6.3582	6.3582				
Singapore Dollar	23.5114	23.3782	23.2188	23.2188				
UAE Dirham	10.6364	NA	10.5041	10.5041				
Kuwaiti Dinar	1.5026	1.4959	1.4894	1.4894				
Indian Rupee (AMU)	1.5694	1.5620	1.5542	1.5542				
Pak. Rupee (AMU)								
Authorized dealers will apply TT clean buying rate for purchase of remittances of Bangladeshis working abroad.								
NOTE: AMU - Asian Monetary Unit.								

Milam holds talks with DSE executives

By Staff Correspondent

US Ambassador William B Milam visited the Dhaka Stock Exchange (DSE) on Monday.

He discussed various aspects of capital market with the DSE functionaries.

The discussion was participated by DSE Chairman Amirul Islam Khan, Vice-Chairman ABS Safdar, General Secretary MA Quayum and Councilors Khurshid Alam, Hemayet Uddin Ahmed, Abdul Huq, Syed Mahbub Morshed and Rakibur Rahman.



Milam (middle), Amirul Islam and MA Quayum (left) and Safdar and Walker (right) at the talks.

The Ambassador was accompanied by the embassy Economic Officer W Christopher Walker and USAID official G Duncan.

Draft agricultural policy outlines steps to increase productivity

Productivity of different crops can only be increased by using seeds of high yielding varieties along with a package of technology including fertilizer, irrigation water, pesticide and appropriate cultural practices.

This was stated in a draft national agricultural policy on agricultural development and extension prepared by Dr Jahangir Alam along with the members of a sub-committee, reports UNB.

The policy was presented at the symposium on national agricultural policy organised by

the Krishbid Institution on March 3.

To sustain productivity at the desired level, modern inputs must be used at the optimum level and for this, a policy relating to production, procurement and distribution of inputs is required."

It said the withdrawal of subsidies in recent years has led to the increase in the prices of agricultural inputs. And small and marginal farmers who form the majority of agricultural population can ill-afford to buy them at their enhanced prices.

"It is evident from the experience of the last few years that the rate of use of these inputs is not increasing at the desired pace."

This is considered to be one of the factors responsible for slowing down of the rate of growth of production in agriculture.

It also said that small and medium peasants have shown greater intensity than large farmers in the use of modern inputs and high prices of inputs is likely to harm them seriously which may lead to a process of systematic pauper-

sation of peasants with a threat of their permanent expulsion from agriculture.

"Where other sectors are not gainfully expanding to absorb this surplus manpower, the economy in all probability will plunge into deeper crisis with more unemployment, chaos and inefficiency."

For achieving a sustained growth in agriculture, the supply of modern inputs should be made easily available to the farmers at affordable prices.

Subsidies should be given on inputs to check abnormal increase in prices

External balances hit year's high

By Staff Correspondent

The external balances of Bangladesh hit this year's highest to stand at Taka 4903.79 crore on February 13.

Earlier, on January 30 the amount was Taka 4871.93 crore. But it slid down slightly the following week.

The statement of affairs of the Banking Department of Bangladesh Bank showed that the deposits of the bank also increased significantly in the first two months of the year. Deposits stood at Taka 6410.32 crore on February 13.

However, the notes in circulation also increased than the previous weeks. It stood at

Taka 3822.56 crore on February 13. It was Taka 3769 crore the previous week. During January the figure fluctuated between Taka 3500 crore and Taka 3660 crore.

The latest statement also showed that the liabilities of the Banking Department were Taka three crore Capital Paid up Taka three crore Reserve Fund, Taka 164.90 crore Rural Credit Fund, Taka 51.78 crore Industrial Credit Funds, Taka 53 crore Export Credit Fund, Taka 175 crore Agricultural Credit Stabilisation Fund, Taka 91.74 crore allocation of