

Business community urges Pak team

Import more to reduce widening trade gap

The local business community has urged a high-level Pakistan trade delegation to increase imports from Bangladesh to bridge the widening gap in bilateral trade between the two countries, reports UNB.

The appeal was made when a visiting Federation of Pakistan Chambers of Commerce and Industry (FPCCI) team Saturday met separately with Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and Dhaka Chamber of Commerce and Industry (DCCI).

"Bangladesh has been experiencing unfavourable balance of trade with Pakistan since 1987-88, which is unwarranted," said FBCCI President

Mahbubur Rahman during the meeting with his Pakistani counterpart yesterday afternoon.

The balance of trade currently amounted to about 50 million US dollars in favour of Pakistan.

In 1990-91, Bangladesh's exports to Pakistan stood at Tk 923 crore while its imports from Pakistan was a hefty Tk 2,336 crore.

The 20-member Karachi-based FPCCI delegation, comprising leading industrialists and traders of Pakistan, arrived in the capital on Friday on a five-day visit.

Earlier at a luncheon meeting, DCCI Acting President Masudur Rahman referred to stagnation in bilateral trade between the two countries. "It's

highly unstable", he said.

Both the chamber leaders suggested that Pakistan can buy increased quantity of tea and jute as a means to bridge the gap.

Mahbubur Rahman also urged Pakistani entrepreneurs to invest in textile and other industrial units in Bangladesh which are going to be divested.

Local chamber leaders also asked for preferential treatment for Bangladeshi goods in Pakistan market.

Response from the touring side was positive and the FPCCI President Mian Habibullah agreed that volume of bilateral trade is "too small". The picture of items being traded either way, he said, "is not very impressive" with the bulk of trade confined to pri-

mary commodities and low value-added items.

"Our trade must increase... we want to bridge the widening gap", said Mian Habibullah during the meeting with FBCCI members.

"Bangladeshi tea, jute and spices will be taken care of", he assured.

The FBCCI President, however, suggested that private sectors in both the countries should continuously interact to promote their trade.

To facilitate regular exchange among businessmen of the two countries, he offered the FBCCI a permanent office at the FBCCI Building in Karachi on "no-cost basis."

FPCCI team meets Anwar

A 20-member high powered delegation of Pakistan Chambers of Commerce and Industry (FPCCI) on Saturday met with commerce Minister MK Anwar and discussed the promotion trade and economic relations between the two countries, reports UNB.

Led by FPCCI President Mian Habibullah the delegation also exchanged views with the minister to further strengthen the bilateral trade ties on the basis of common interest and mutual cooperation.

The Commerce Minister briefly narrated the economic and trade policy of the government and said that trade had been considerably deregulated and liberalised with greater premium set on expansion of private sector participation in trade and industry.



ASF Rahman, Chairman of the Padma Textile Mills Ltd, presiding over meeting of the Board of Directors of the company held on July 15 at its factory. Representatives of ADB, CDC, IPDC also attended.

Commentary

Independence of Bangladesh Bank vital for economy

Abu Ahmed
Guest Columnist

A large number of bankers, economists and policy makers in the Bangladesh hold the view that Bangladesh Bank — the central bank of the country has been reduced over time to an extended arm of Ministry of Finance by denying whatever independence it was granted during its inception. This view is largely shared by the other observers too who take keen interest in the activities of our central bank.

The idea of independence of central bank by itself is not controversial. Rather, it is the degree of independence which is a matter of controversy among the policy makers. Central banks of different countries of the world enjoy different degrees of independence, ranging from total independence to no-independence at all. But where the economies are based on market forces, the idea of independence of central bank is widely recognised.

The Board is headed by the Governor, but as he is unable or not enthusiastic to exercise independence, he does not depend on the Board for important policy issues. Rather, he finds it convenient to rush to the Ministry of Finance for decisions on policy related issues. The deputy governors just do what they are told by the Governor and the Ministry.

In this situation, Bangladesh Bank cannot be held responsible if something goes wrong with its functioning. The government should accept the blame in such cases.

Why a central bank needs independence is an old question and was resolved much earlier in other countries. A central bank is assigned with functions like money issue, formulation of a monetary policy for the economy and the maintenance of value of money issues. It can perform these functions properly only if it has sufficient independence. The government has an inherent tendency to borrow money from the source of money i.e. the central bank. The central bank can resist the tendency again if it has independence.

The main functions of a central bank is to see whether economic stability, in term of price level change, is being maintained. This objective is hampered if a government borrows excessively from the central bank to meet its budget deficit. Excessive public borrowing took place in Bangladesh since its independence which reached its climax in the mid-80s. Public borrowing fuels inflation which erode people's confidence in money and monetary authority.

Today, Bangladesh Bank seems to be effectively controlling the commercial banks of the country through its Banking Company Act 1990, though in other cases it is meeting with failures. It buys bond-type securities worth hundreds of crores of taka from various government-owned non-banking financial institutions like BSB, HBFC at government's instruction. These institutions fail to repay their debts. They fail to pay even the interests. Still Bangladesh Bank continues the purchase of debt instruments from them.

So it seems that money management in Bangladesh has become a function of government and not of Bangladesh Bank. That is why money management is no more here and when money management loses its credibility other variables in the economy like saving and investment do not move in the desired direction.

The independence of Bangladesh Bank should be considered more seriously, at least, to give our monetary policy a continuity. A governor's tenure should surpass that of a political government. He should be appointed with very clearly defined terms and conditions for a long period like seven years to ten years. And finally, he should be made accountable directly to the nation through the parliament, but not in any case through Ministry of Finance.

ANNOUNCEMENT

Focus on Pakistan — Part-III

Pakistan has undertaken fundamental economic reforms. Following a rigorous privatisation policy, it has opened up its economy to foreign investment, eliminating most of the bureaucratic red-tapism.

Read all about these and other wide-ranging changes in an extensive and exclusive interview of the Finance Minister of Pakistan Sartaj Aziz to be published in The Daily Star tomorrow.

Business guide

New establishments urged to send particulars by Aug 10

The preparation work on Business Guides Yellow Pages of Bangladesh-93 is going on with the cooperation of Export Promotion Bureau, says a Press release.

The businessmen, industrialists and professionals who have not yet included their particulars in the guide have been requested to send the name of the firm with the description of the products, phone number and address by August 10 to Business Guide, GPO Box No 4282, Dhaka, Phone-410626.

COMPANY NEWS

Local firm exports carbon electrodes

Key and Que (Bangladesh) Limited, a local manufacturer of carbon electrodes in drycell battery, has exported 38.50 lakh pieces of carbon electrodes to Senegal during the month of July this year, says a press release of the company.

Key and Que (Bangladesh) Limited was set-up under technical collaboration with South Korea in the private sector and resumed production at the end of 1989.

The Bangladeshi company (the only of its kind in the country) has recently received firm order for its product from Iran, Pakistan and the West African Republic of Senegal, Cameroon and Mali. Certain quantities of the product have already been exported to some of these overseas buyers on trial basis during current year.

Between the companies of Senegal and Iran, an annual export order 110 million pieces of carbon electrodes is expected to be secured by the Bangladeshi manufacturers, which will constitute more than 50 per cent of its installed production capacity.

The export of carbon rod is a new and unconventional export item for Bangladesh.

The US central bank — the Federal Reserve System is much more independent and assertive than Bank of England and Bank of France. In some other countries, like Chile, legislative measures were enacted prohibiting government borrowing from the central banks. These measures curtailed to a great extent, the governments' influence on the functioning of central banks in those countries.

While the tendency in other market-based economies is to allow more independence to their central banks for persuading a definitive and credible monetary policy, it is completely the reverse in Bangladesh. Bangladesh Bank operates under the Bangladesh Bank Order 1972 which postulated a post for a governor, more than one posts for the deputy governors, and a Board. The Board members are of two categories: individuals of importance, and government officials. All of them are nominated by the government whose tenure can be terminated by the government very easily. More alarming is the fact that the governor of the bank is appointed without defined terms and conditions consistent with the requirements of independence, for a term not long enough to undertake any cohesive and credible monetary policy.

The deputy governors, in

M Ahsanullah, General Manager of Sadharan Bika Corporation, handing over a cheque of Taka 10,95,03,931.00, July 15 to the Finance Manager of Padma Oil Company Ltd. as payment for loss caused by the devastating cyclone of April 91.



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Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 18/7/92

Berth No	Name of Vessels	Cargo	Last Port	Local Call	Local Agent	Date of Arrival	Leaving
J/2	Minerva	GI	Pena	MSA	30/6	22/7	
J/3	Mytisch	GI	Sing	PROG	7/7	22/7	
J/5	Samudra Raj	GI	Kara	SSL	15/7	25/7	
J/6	State of Haryana	GI	Cal	SSL	15/7	-	
J/7	Ronjay Choomic	Urea	Mong	PSAL	10/7	12/7	
J/8	Sea Glory	Fert	Sing	Prog	16/6	22/7	
J/9	Banglar Kallol	GI/GL	Col	ESC	10/7	18/7	
J/13	Fong Yun	Cont	Sing	BDSHP	13/7	18/7	
MPB/1	Kota Buana	Cont	Sing	CTS	15/7	19/7	
CCJ	Georgios-M	C Chnk	Fujera	Umal	1/7	22/7	
TSP	Samudra Samrat	Idle	Col	SSL	1/7	17/7	
RM/3	Nan Du Jiang	CDSO	Bera	TSI	14/7	29/7	
RM/4	Hafez	Cement	Chin	MSA	25/6	17/7	
RM/6	Banglar Shourab	Repair	Cand	OWSL	6/7	28/7	
DD/1	Endurance Sea	Repair	Aqaba	EOSL	25/1	20/7	
DD/2	Al Reza	Cement	Kuwait	OWSL	10/7	-	
RM/8	Charmad	Salt	Col	PSAL	21/6	29/7	
RM/9	Banglar Kiron	Repair	BSC	R/A	20/7	-	
CUFJ	Banglar Doot	Urea	Pena	BSC	2/7	20/7	

VESSELS DUE AT OUTER ANCHORAGE

Name of Vessels	Date of Arrival	Last Port	Local Agent	Cargo	Loading Port
Tong Ah With	18/7/92	Sing	Aqchor	Project Equip & Materials	-
Artemis-1	10/7/92	-	Bright	Cement	-
Lord	19/7/92	Sing	Prog	GI	-
Al Swamruz	18/7/92	Sing	ASLL	GI	-
Ocean Earth	18/7/92	Nampo	Sunshine	Cement	-
Banglar Samrad	18/7/92	Mong	BSC	In Ballast	-
Kamaleverett	21/7/92	Sing	EBPL	GI	FE ST
Omyx	20/7/92	Mong	Aqua	GL	Doula
Yao Sheng	20/7/92	-	Bright	Cement	-
Vishva Pankaj	24/7/92	-	SSL	E/L	Dundee Ant
Andrian	20/7/92	-	CT	Cont	Sing
Kota Eagle	21/7/92	Sing	CTS	Cont	Sing
Continent-1	22/7/92	Pena	CLA	GI	Sing
Jiang Cheng	21/7/92	S Hal	BDSHP	GI	-
Andromache	21/7/92	Col	RSL	Cont	Mong
Fong Shin	21/7/92	Sing	BDSHP	Cont	Sing
Ocean Voyager	21/7/92	-	AML	Cement	-
Tiger Sun	21/7/92	-	Prog	GI	-
New Genlord	20/7/92	Sing	BDSHP	Cont	Sing
Optima	22/7/92	Sing	RSL	Cont	Sing
Vishva Kaumudi	25/7/92	-	SSL	E/L	Dundee Ant
Safina-e-Halder	24/7/92	-	ASLL	GI/GL	Karachi
NGS Ranger	27/7/92	Sing	BDSHP	Cont	Sing
Bryansky	28/7/92	Annaba	TSLL	R Phos	-
Mashinostrotel	28/7/92	Annaba	TSLL	R Phos	-
A Megacarrrier	30/7/92	Sing	BDSHP	Cont	Sing
Two	2/8/92	Col	BSC	GI	-
Mehedinti	2/8/92	Col	BSC	GI	-
Flying Dragon	7/8/92	-	USTC	Cement	-

TANKER DUE:

Neptune Antlia	19/7/92	Sing	Mspil	HSD
Topaz	21/7/92	Jebel	Ecal	C Oil
Global Mars	22/7/92	-	TSI	CPO

VESSELS AT KUTUBDIA

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
T T Energy	C Oil	COL	NNL	27/4

VESSELS READY AT OUTER ANCHORAGE

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
Bervalla	Cont	Mong	RSL	17/7
Super Star	E/L	Mong	ENCL	17/7
Stormy Annie	GL	Mong	RRSA	18/7
Ocean Envoy	GI	Col	BSC	R/A/15/7
Banglar Gourab	GI	Pena	BSC	18/7

VESSELS AWAITING FOR INSTRUCTION

Banglar Jyoti	-	-	BSC	R/A/16/7
Banglar Asha	-	-	EAMS	R/A/17/7

VESSELS NOT ENTERING

Alyn	Cement	Sing	Alamin	R/A/18/9
Red Deer	-	Sing	OTL	R/A/26/11
Nehaj	Scrapping	Col	Umal	10/6
Sletter	TSP(Pv)	Tampa	SSST	12/7

The above were the Saturday's (18.07.92) shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Price Index

July 18, 1992

Commodity	Unit	Price	Commodity	Unit	Price
RICE	(Taka per kg)		MILK	(Two kg)	
Amarifine	16.00-17.00		Dano	307.00-308.00	
Pajon	13.50-14.50		Red-Cow	316.00-317.00	
VEGETABLES	(Taka per kg)		MISCELLANEOUS	(Taka per kg)	
Potato (local)	11.00-12.00		Ghee	220.00-240.00	
Brijal	12.00-14.00		Salt	7.00-8.00	
Karola	10.00-11.00		Sugar	27.00-27.50	
Lalchak	4.00-5.00				
Pepya	5.00-6.00				
Green Banana (Four Pieces)	4.00-6.00				
OTHER KUDRAN	(Taka per kg)				
Flour	14.00-15.00				
Atia	10.50-11.00				
FISH	(Taka per kg)				
Rubi(Big)	140.00-160.00				
Kalia(Big)	110.00-120.00				
Haha	50.00-55.00				
Pangas	110.00-130.00				
Shamp(big)	110.00-120.00				
Sing	140.00-150.00				
Koi	NA				
MEAT					
Beef	60.00				
Mutton	80.00-85.00				
CHEEKEN					
Large	62.00-64.00				
Medium	64.00-68.00				
Small	70.00-72.00				
TEA					
Dust (Plain)	70.00-80.00				
EGG	(4 per)				
Hon	12.50-13.00				

Gold & Silver

Commodity	Unit	Price
Gold (Guinea)	[Taka for 11.66 gram]	8200.00
Silver		200.00

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 July 19, 20 and 21.

Currency	Selling B.C.	T. T. (C)	Buying O.D. Transfer
US Dollar	39.1326	38.9087	38.6339
Poundsterling	76.2887	75.9307	75.4338
DM	26.8252	26.6534	26.4652
FF	7.9392	7.8906	7.8349
S Riyal	10.4641	10.4042	10.3307
D Guilders	23.7960	23.6455	23.4785
S Kroner	7.3842	7.3350	7.2832
Singapore Dollar	24.3362	24.1969	24.0260
UAE Dirham	10.6911	10.6299	10.5548
Kuwaiti Dinar	136.4475	135.6669	134.7087
Indian Rupee (AMU)	1.5104	1.5036	1.4961
Pak Rupee (AMU)	1.5523	1.5431	1.5374

Authorised dealers will apply T T clean buying rate for purchase of remittances of Bangladeshis working abroad. Note: AMU—Asian Monetary Union.

Dhaka Stock Prices

At the close of trading on July 18, 1992

Star Economic Report

Business declines

Business on the floor was moderate, as only 27 shares and debentures changed hands. Losers dominated trading as they outnumbered gainers by 18 to 9. No Share or debenture was traded at previous quoted price.

DSE Composite Index recorded a fall of 1.5 points on the day.

Business on the floor of Dhaka Stock Exchange (DSE) witnessed an unusual phenomenon Saturday. Turnover, both in terms value and volume, remained unchanged from Thursday's figure.

THE DAY'S TRADING AT A GLANCE

DSE All Share Price Index	372.8698
Market Capitalization (Tk)	10,653,563,323
Turnover in Value (Tk)	2538344
Turnover (in volume)	28481

Company	FV/ML	Previous day's price Tk	Closing price Tk	Change (absolute)	Change (% over previous price)
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Gains (09)					
Shares:					
Singer Bangladesh	100/5	800.00	850.00	50.00	6.250
BCIL	100/10	180.00	190.00	10.00	5.556
Safham Textile	100/10	84.00	86.63	2.63	3.131
Petro Synthetic	10/5	17.00	17.50	0.50	2.941
Beximco Pharma	100/5	340.00	349.00	9.00	2.647
Paper Processing	100/10	48.75	50.00	1.25	2.564
United Insurance	100/10	155.09	156.00	1.00	0.645
Debentures:					
Beximco Pharma	1285/1	1275.00	1296.67	21.67	1.700
Beximco	2166/1	2090.00	2100.00	10.00	0.78

Losses (18)					
Shares:					
Pharma Aids	100/5	250.00	201.00	49.00	19.600
Aramit	10/5	34.20	30.00	4.20	11.111
Cig Cement	100/5	391.15	370.18	20.97	5.361
Aziz Pipe	100/5	300.00	290.00	10.00	3.333
IFIC	100/5	170.00	165.00	5.00	2.941
Monno Ceramic	100/5	370.00	360.67	9.33	2.522
Karim Pipe	100/5	170.00	166.00	4.00	2.353
Modern Dyeing	100/5	46.00	45.00	1.00	2.174
Savar Refractories	100/5	104.00	102.00	2.00	1.923