

# New budget and the private sector

By Special Correspondent

In his 1993-94 budget speech Finance Minister M Saifur Rahman has reiterated the Government's faith in the efficacy of the market mechanism to organise the society in a way that is economically efficient while respectful of the principle of democratic pluralism. He has outlined a range of 'pro-active public policies' to make the market mechanism smoother and efficient and for a strong private sector to emerge therein. What are these policies and how convincing are they?

In agriculture sector which is privately owned and operated by Bangladesh farmers, the Government's policy action will be to reduce the price of urea fertilizer and interest rate on agricultural credit and to ensure remunerative price to farmers for their output. The budget, however, contains promises of action in these areas - not action itself. Urea price will be reduced through reduction of production cost. Can production cost be reduced through policy announcement?

While agriculture is the mainstay of Bangladesh economy it is industry which can provide meaningful employment in future. The policy actions to promote private industry shall be:

Lower Government spending on goods and services produced and consumed locally - the so-called nontradables whose prices are determined solely by internal costs and demand conditions (e.g. electricity, gas, bricks). The consequent easing of the pressure on their prices will make export competitive. This is a long term measure meaning that private industry will not feel it for some time to come!

Increased Government spending on education and health to have a healthy and skilled workforce and on infrastructure (e.g. road, railway, communication). This will make capital more productive. Yet another long term measure!

Opening up of power and

telecommunications sectors for private investment. Although not a direct incentive to private investment it will increase the credibility of the Government's commitment to promote the private sector. Note that the detailed framework for private sector participation in the energy sector is yet to be enunciated.

Support from the Board of Investment (BOI) to the private sector. BOI has been there for sometime. What has changed to

Exchange Commission to help develop finance and capital market to service the private sector. These measures will have positive, immediate and long term impact on private sector development.

Relaxation of exchange control and move toward full convertibility of Taka on trade account. The measures are still on the drawing board. If drawn up soon and implemented in tandem with appropriate legal and

long run will face a tough time doing it and are unlikely to feel very encouraged.

Thus, the most important messages and signals that the private sector will be looking for in the Budget: message about measures to bring immediate improvement in their respective business environment and message about long term durability and continuity of tariff and trade policies affecting them are absent. On the contrary, there is a glaring instance of just the kind of ambiguity that has been frustrating Bangladesh private entrepreneurs so far.

This is contained in para 37 of part-II of the budget speech. Here duty on bulk packed milk has been reduced to encourage the local retail packing industry. At the same time it has been stated that this 'incentive' is temporary and in the near future this may be withdrawn in the interest of local dairy industry. How distant is the near future? Without knowing this no entrepreneur will expand his capacity to retail pack milk imported in bulk.

Thus, the proposed change in duty of retail packed and bulk packed milk will do the exact opposite of what the Finance Minister had hoped for: increase milk price instead of reducing it. It will not help the consumers. But it will help those who now hold a good stock of retail packed milk earn a handsome rent.

In all fairness to Saifur Rahman, a veteran in his field with high reputation for his professional ability, one must point out that the above mentioned weaknesses and ambiguities in the budget are not reflections of lack of understanding of their underlying implications. Rather, these are reflections of the absence of a much required consensus in the inner core of the policy making apparatus. These are evidences that lobbies do get past the doors barred by the iron will of a Finance Minister. The Parliament is indeed our last refuge!

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make it effective? Privatisation of state-owned enterprises through a Privatisation Board. Privatisation will be preceded by restructuring of the enterprises to be privatised to make them viable. The Board has been set up only recently and steps to make the enterprises selected for privatisation viable are still in the drawing board. The effects of this measure will take a long time to be felt.

institutional safeguards it will help export oriented industries. Establishing linkage between wages and productivity and full enforcement of labour laws in settling wages and labour disputes. A very positive policy and, if implemented sincerely and honestly will have an immediate positive impact on private sector confidence.

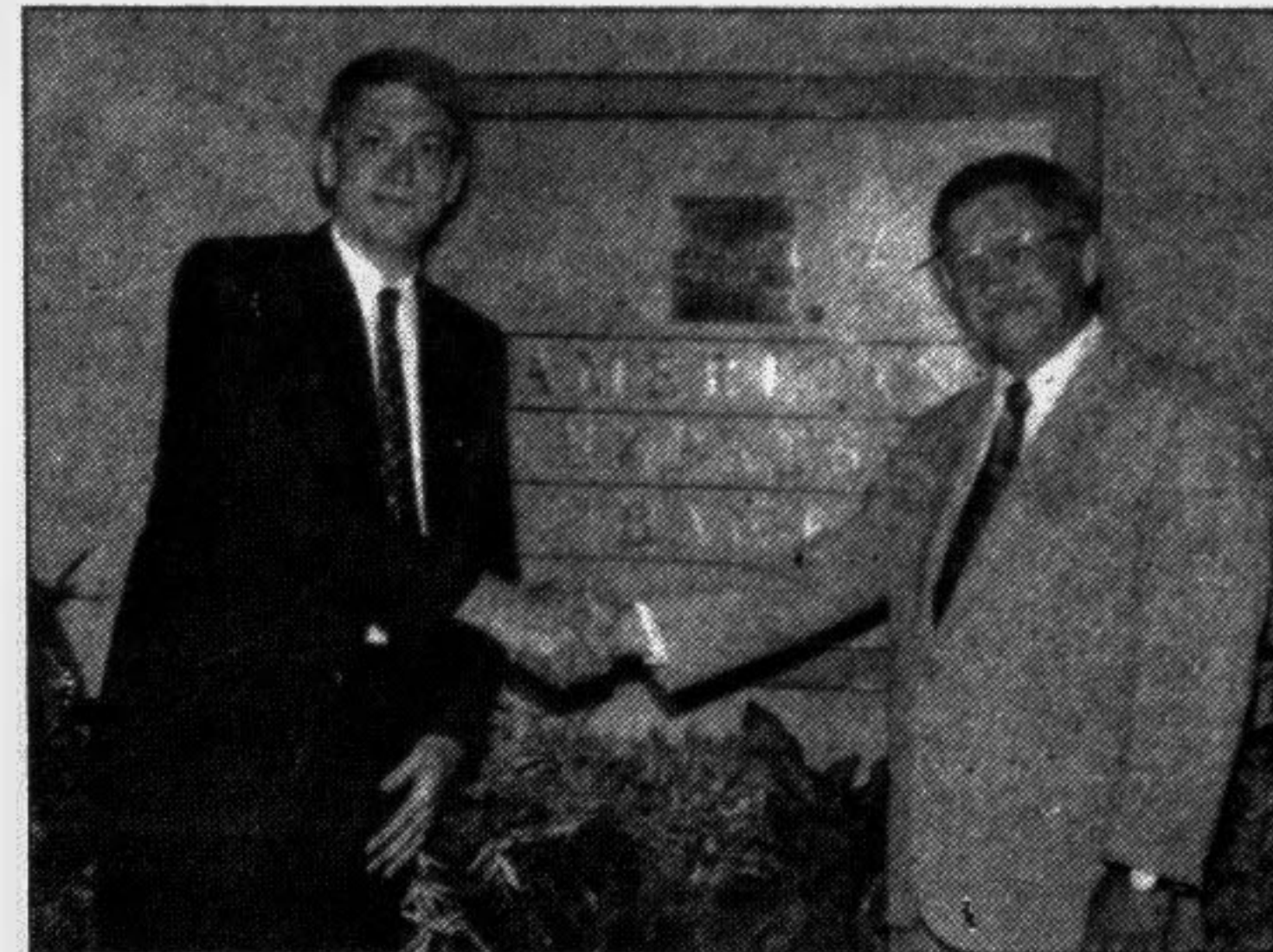
Liberalization of forcing trade: The parts of the budget speech that deal with this sub-

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Lowering of lending rate by banks. The expectation is that recent lowering of Bank rate by the Bangladesh Bank will induce commercial banks to reduce lending rates. This has not happened yet; but, if it does then it will constitute a direct incentive for private sector.

Amendment of Banking Companies Act, 1991, Financial Loan Court Act, Securities and Exchange Ordinance and setting up of a Securities and

ject is brilliantly ambiguous. Unbridled protection for - domestic industries is not good. Tariff Commission will decide which industry to protect. Industries which fail to compete inspite of high protection will be eased out. If an industry is aggrieved by prevailing duty structure it can seek redress. Potential investors trying to figure out what will be the applicable duties and tariffs in their respective area of interest in the



American Express Bank inaugurated its new country headquarters recently during a reception attended by the US Ambassador, William B Milam and government officials, friends and clients of the bank in Bangladesh. Shown left to right are David T Kaveny, General Manager and William B Milam.

## Exchange Rates

The following are the Commercial Banks' BC selling and TT (C). OD transfer buying rates for some selected foreign currencies effective on June 13, 14 and 15.

Currency	Selling		Buying
	B. C.	T. T. (C)	
US Dollar	39.9326	39.7087	39.4556
Pound Sterling	60.7142	60.4383	60.0747
DM	24.5361	24.3911	24.2356
FF	7.2963	7.2514	7.2052
S-Riyal	10.6740	10.6142	10.5465
D Guilders	21.8689	21.7344	21.3958
S Kroner	5.5459	5.5110	5.4758
Singapore Dollar	24.8106	24.6714	24.5142
UAE Dirham	10.9096	10.8485	10.7793
Kuwait Dinar	133.4168	132.6707	131.8251
Indian Rupee (AMU)	1.2677	1.2636	1.2573
Pak Rupee (AMU)	1.4721	1.4655	1.4581

Authorised dealers will apply T T clean buying rate for purchase of remittances of Bangladeshis' working abroad.

Note: AMU—Asian Monetary Union.

## Shipping Intelligence

### CHITTAGONG PORT

Berth position and performance of vessels as on 13th June, 1993.

Berth No	Name of vessels	Cargo	L. Port	Local agent	Date of arrival	Date of leaving
J/2	Vishva Umang	Cement	Visa	PSAL	23/5	20/6
J/4	Orsha	Cement	Ving	USTC	06/5	15/6
J/5	Eastern Mars	GI	Hong	Prog	12/6	18/6
J/6	Banglar Sampad	Repair	Mong	BSC	07/6	21/6
J/7	Black Whale	GI	Busa	Prog	11/6	17/6
J/8	Alam Tabah	Sugar(P)	Tuti	MSA	10/6	17/6
J/9	Tug Salvigour	Bunker	Mong	BTSA	12/6	14/6
MPB/1	Meng Kiat	Cont	Sing	AML	12/6	14/6
MPB/2	Optima	Cont	Sing	RSL	12/6	15/6
CCJ	Sea Rhapsody	C.Clink	Visa	UMAL	04/5	13/6
GSJ	Estratios-G	Wheat(G)	ANT	BSL	20/5	-
(Detained by Court)						
RM/3	Bunga Sepang	CDSO	Derb	Seacom	06/6	14/6
RM/4	Lily	Cement	Sing	Ltmend	06/6	16/6
DOJ	Banglar Shourabh	C.Oil	BSC	R/A	13/6	-
DD	Endurance Sea	Repair	Aqaba	CLA	25/1	15/6
DDJ/2	Banglar Asha (Ebb)	Repair	BSC	R/A	25/6	-

### VESSLS DUE AT OUTER ANCHORAGE

Name of vessels	Date of arrival	Last Port	Local agent	Cargo	Loading
Portaitissa	14/6	Safa	SSST	R.Phos in Bulk	-
Green Island	13/6	-	Karna	GHLash	SaNew
Iyamburenko 31/5	14/6	Sing	CT	Cont	Sing
Fong Shin 5/6	14/6	Sing	BDShip	Cont	Sing
NGS Express 31/5	15/6	Sing	BDShip	Cont	Sing
Kota Buana 6/6	15/6	Sing	RSL	Cont	Sing
Santa Margherita	15/6	Sing	Prog	GI	-
Arktis Island	15/6	Sing	BSL	GI(Copra)	-
Trans Asia	16/6	Yang	Cross	GI(Pulse)	-
Samudra Samrat	16/6	Mong	SSL	For Dry Docking	-
Rafah	16/6	Niko	Dynamic	M.Seeds	-
Ocean Voyager	16/6	Pada	AML	Cement	-
Al Salma	18/6	Bang	ASLL	GI	-
Banglar Kallol	18/6	Busn	BSC	GI	-
Bharatendu	18/6	Mong	SSL	GI	Dund. Harb
Shaplaeverett	18/6	Sing	EBPL	GI	-
Ponyoma 10/6	18/6	Sing	CTS	Cont	Sing
Keban	19/6	Dubai	BSC	Steel	-
Banglar Robi 10/6	19/6	Sing	BSC	Cont	Sing
NGS Ranger 10/6	20/6	Sing	BDShip	Cont	Sing
Knud Jespersen 10/6	20/6	-	CT	Cont	Sing
Tin Ghi Shan	20/6	-	Khansons	Cement*	-
Maryam	20/6	-	USTC	M.Seeds	-
Sam Hac	21/6	-	Seacoast	GI	-
Qing He Cheng	21/6	Shang	BDShip	GI	-
Gong Yun 12/6	21/6	Sing	BDShip	Cont	Sing
Gold Future	22/6	-	AML	GI Mom.Mapu	-
Meng Lee 8/6	22/6	Sing	AML	Cont	Sing
Iyeverett	24/6	Sing	EBPL	GI	Sing
Banglar Mori	24/6	Peng	BSC	In Ballast	-
Sound Royal	25/6	-	HBA	GI	-
Andrian Goncharov 10/6	25/6	-	CT	Cont	Sing

### VESSLS AT KUTUBDIA

Name of vessels	Cargo	Last Port	Local agent	Date of arrival
Flores Sea	C.Oil	R.Taru	ECSL	06/6
Banglar Jyoti	C.Oil	-	BSC	R/A

### VESSLS AT OUTER ANCHORAGE

Name of vessels	Cargo	Last Port	Local agent	Date of arrival
Alkyotis	14/6	C.Clink	Bukt	UMAL

### VESSLS READY

Name of vessels	Cargo	Last Port	Local agent	Date of arrival
Rorjay Choomie	16/6	Cement	Sing	USTO
Agra	14/6	Cement	Long	PSAL

### VESSLS AWAITING INSTRUCTION

Name of vessels	Cargo	Last Port	Local agent	Date of arrival
Chipsam	-	Cement	Titi	PSAL
Vessels not entering	-	-	-	-
Stern	-	Scrapping	Mong	NFTPI
Promitheas	-	Scrapping	Sing	ARL

### MOVEMENT OF VESSELS FOR 14.06.1993

OUTGOING	INCOMING	SHIFTING
J/9 Tug Salvigour	J/13 Iyamburenko (Cont)	
MPB-1 Meng Kiat (Cont)	TSP Portaitissa	
RM-3 Bunga Sepang	CCJ Alkyotis (Clinker)	
DOJ Banglar Jyoti		

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

# Dhaka Stock Prices

At the close of trading on June 13, 1993

## Upward trend continues

Upward trend of business on the floor of Dhaka Stock Exchange (DSE) continued on Sunday. Both the turnovers increased. Volume reached 20442 issues from 11047 with a 85.045 per cent. Value surged to Taka 1328127.50 from Taka 481544.00, an increase of 175.806 per cent. The DSE Composite Index made a gain of 1.181 points. It reached 380,294.5 from 379,112.7. Number of stocks transacted decreased slightly. It totalled 44 against Saturday's 49, and gainers continued domination on the floor. They outnumbered losers by 27 to 11. Other six traded at previous rates.

### DAY'S TRADING AT A GLANCE

DSE Share Price Index	380,294.5
Market Capitalisation (Tk)	10,872,486,622.00
Turnover in Volume	20442
Turnover in Value (Tk)	1328127.50

Company's name	Previous price Tk	Closing price (absolute) Tk	Change (% over of share price)	Number sold
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### Gains (27)

Company's name	Previous price Tk	Closing price (absolute) Tk	Change (% over of share price)	Number sold
City Bank	352.00	353.00	1.00	0.284
Islami Bank	1700.00	1705.00	5.00	0.294
Peoples Insurance	286.00	295.00	9.00	3.196
Aftab Automobiles	172.00	177.42	5.42	3.151
B Autocars	67.25	67.88	0.63	0.936
Metalex Corp	37.00	37.25	0.25	0.675
Quasem Drycells	9.50	9.75	0.25	2.631
Singer Bangladesh	1500.00	1505.00	5.00	3.333
Dhaka Vegetables	77.50	78.03	0.53	0.683
Rupan Oil	4.29	4.95	0.66	15.384
Zal Bangla Sugar	6.74	7.30	0.56	8.308
B Orygen	67.54	67.70	0.16	0.278
Dulamina Cotton	74.50	75.00	0.50	0.671
Eagle Star Textile	15.46	15.80	0.34	0.905
Modern Dyeing	34.00	34.50	0.50	1.470
Quasem Silk	2.30	2.79	0.39	16.956
Rahim Textile	81.00	83.00	2.00	2.469
Tallu Spinning	94.00	94.79	0.79	0.840
Ambee Pharma	12.50	12.80	0.30	2.400
Pharma Aids	171.33	178.93	7.60	4.435
Apex Tannery	360.00	365.00	5.00	1.388
Beximco	20.50	20.67	0.17	0.829
Padma Textile	157.00	165.50	8.50	5.414
Cig Cement	212.00	213.00	1.00	0.471
Shine Pukur Jute	130.00	135.00	5.00	3.846
Satham Textile	68.73	69.00	0.27	0.392
Beximco	1883.76	1885.00	1.24	0.075

### Losses (11)

Company's name	Previous price Tk	Closing price (absolute) Tk	Change (% over of share price)	Number sold
National Bank	95.00	93.00	2.00	2.105
Uttara Bank	88.00	87.00	1.00	1.136
5th ICB M Fund	94.00	93.75	0.25	0.265
United Insurance	197.00	191.57	5.43	2.756
B Thai Aluminium	87.25	87.00	0.25	0.286
Eastern Cables	72.00	71.72	0.28	0.388
Swan Textile	16.00	13.00	3.00	18.750
Petro Synthetic	10.30	10.20	0.10	0.980
Paper Processing	17.00	15.00	2.00	11.764
Monno Ceramic	291.00	290.00	1.00	0.343
Beximco Infusion	1668.57	1660.00	8.57	0.513

### Traded at previous rates (06)

Shares: Monno Jute Stallers (25), Howlader PVC (20), Bengal Food (200), Desh Garments (20), Kohinoor Chemical (5), BOIC (2690).

## DSE SHARES AND DEBENTURES

Company	FV/ML (Taka)	Closing Rate (Taka)	Shameer Jute	Specialised Jute	Shine Pukur Jute	Sonali Aarsh
			100/5	100/5	100/5	100/5

### BANKS (11)

Company	FV/ML (Taka)	Closing Rate (Taka)	Shameer Jute	Specialised Jute	Shine Pukur Jute	Sonali Aarsh
Al Baraka Bank	1000/1	950.00	100/5	100/5	100/5	100/5
Al B. Bank	100/5	168.00	100/5	100/5	100/5	100/5
City Bank	100/5	353.00	100/5	100/5	100/5	100/5
IDLC Ltd	100/20	227.00	100/5	100/5	100/5	100/5
IFIC	100/5	170.25	100/5	100/5	100/5	100/5
Islami Bank	1000/1	1705.00	100/5	100/5	100/5	100/5
National Bank	100/5	93.00	100			