

# Bangladesh economy is geared to accelerate, says ex-RBI chief Venkitaramanan

Bangladesh is in a very good macro-economic position and its economy is geared to accelerate in the near future, observed a former Indian central bank official.

"Five years ago nobody thought Bangladesh would be in such a position and now, maybe within the next five years, it can become the next Asian tiger," S Venkitaramanan, former Governor of the Reserve Bank of India (RBI), told a group of bankers and company executives attending a discussion on "De-regulation of Foreign Exchange."

Referring to Bangladesh's low rate of inflation, good balance of payment situation, high level of foreign exchange reserves and a favourable aid climate, he enthusiastically said "Bangladesh is going places."

Organised by the Metropolitan Chamber of Commerce and Industry (MCCI) and held at the chamber conference room, participants at the meeting sought clarifications and expressed their fears about the impending switch to a convertible taka on trade and service accounts slated for October 10. MCCI president

Latifur Rahman presided over the session.

Providing a definition of convertibility, Venkitaramanan said "It means removal of exchange control restrictions to enable the withdrawal of foreign exchange without having to go through the central bank and without any questions being asked."

"We (in India) have allowed the market to determine the exchange rate under the watchful eye of the central bank as we don't want the Rupee to get too strong, which would harm exports," the former RBI Governor said.

At the start of the discussion MCCI president Latifur Rahman noted that it is absolutely necessary that the commercial banks provide forward cover to clients.

Although the Bangladesh Bank has withdrawn providing forward cover, he suggested the commercial banks take direct cover with foreign banks.

Rahman also pointed out that the commercial banks, who are also the authorised foreign exchange dealers, should set up an inter bank computer network to show demand and

supply of foreign exchange transactions.

Azizur Rashid of Bangladesh Oxygen Limited noted that the commercial banks still provide forward cover but at a premium rate.

Abbasuddin Ahmed, Senior Executive Vice President of the IFIC Bank, expressed his apprehension that in case the taka to dollar parity remains the same then convertibility would increase imports which, in turn, may fuel inflation, affecting the macro-economic policy.

Venkitaramanan noted that increased goods availability does not necessarily fuel inflation.

Md. Nazimuddin of the Arab-Bangladesh Bank wanted to know if convertibility would increase the outflow of capital given that the interest rate has declined sharply with interest on savings being seven per cent.

The former RBI Governor replied in the negative, saying that the advantage in Bangladesh is better with the seven per cent interest rate on savings, which is attractive compared to the low inflation rate.

By Staff Correspondent

Abu Sayed Miah of Rahimafrooz asked what would happen to the balance of payment situation in case the taka becomes stronger, encouraging imports and harming exports.

"Over a period of time increased imports would lead to demand for the dollar making the taka weaker," Venkitaramanan said, adding "The only way to correct the balance of payment is through free market determination of exchange rates."

Asked what would happen if the reserves are depleted because of bad food production, Venkitaramanan said the convertibility scenario should not be predicated by the possibility of a calamity.

"If you are afraid you will never be able to change; the best time to do it is when the situation is good."

He also added that fears of export decline should not deter economic reform.

Forrest E. Cookson, the Financial Sector Reform Project advisor at the Bangladesh Bank, observed that the continued low growth, which has been stuck at about four per cent for the past several years, is one

negative aspect of the macro-economic management. He noted that the balance of payment situation is satisfactory at the current rate of growth but it would not be enough with a seven to eight per cent growth.

In reply to another question, he said convertibility attracts foreign institutional investors to the share market.

Cookson noted that travel allowances under the deregulation provides less amount of foreign exchange for travel to India, Pakistan and Sri Lanka than in other countries. A similar situation prevails in India, he said. "It seems discriminatory and rather ridiculous."

Venkitaramanan agreed that it was a discriminatory system and assured to communicate it to the Indian authorities.

Replying to a question, he said Indian exporters are allowed to retain 15 per cent of their export earnings at an average, which they are free to use in any manner and added that to avoid speculative runs in the exchange market forward covers are not allowed unless backed by an import or export deal.

Responding to another ques-

tion, Venkitaramanan agreed that it is necessary to offer a two-way bid in the inter-bank forex market to be efficient and to deal with speculation and strategic market manipulation. One-way bids are provided here while there is a two-way bid system in operation in India.

He said India has decided that the time is still not right for it to go for capital account convertibility, which would enable investments abroad.

The secretary general of the MCCI CK Ilaider strongly advocated the full convertibility of the currency, including capital accounts, as soon as possible. "Having set out to introduce convertibility we should do it in a complete manner because our need for capital inflow is greater."

However, the former RBI Governor advised caution at this stage saying that full convertibility should come in a sequence after the shyness and the fears are removed.

The MCCI president hoped that the discussion helped the participants in understanding the new situation and also hoped that the points raised would be duly noted by the central bank.

## Dhaka Stock Prices

At the close of trading on September 28, 1993

### Mixed trend

Trading on the floor of Dhaka Stock Exchange (DSE) showed a mixed trend on Tuesday.

The DSE All Share Price Index declined significantly. It fell to 416.1949 from 418.1716 showing a loss of 1.976 points.

The turnover in value also lost by 34.68 per cent dropping to Taka 1235282.25 from Taka 166475.75. While turnover in volume rose to 29150 issues from 14950 making a gain of 94.983 per cent.

The number of companies taken part in the trading was almost unchanged. It totalled 47 as against Monday's 46. Of them, 19 gained, 13 lost while 15 others were traded at previous rates.

Dominating gainers' list, Dhaka Vegetables eyed a gain of 5.612 per cent in its share price. On the other hand, each share of Apex Tannery suffered a loss of 4.088 per cent leading the losers on the floor.

Traded shares of Zeal Bangla Sugar totalled 18400, the highest number of the day.

### DAY'S TRADING AT A GLANCE

DSE Share Price Index					416.1949
Market Capitalisation Tk					16257939879.00
Turnover in Volume					29150
Turnover in Value Tk					1235282.25
Company's name	Previous price Tk	Closing price(absolute) Tk	Change Tk	Change Number (% over of shares price)	traded
<b>Gains (19)</b>					
Shares					
Al-Baraka Bank	880.00	890.00	10.00	10.136	02
3rd ICB M Fund	144.00	144.50	0.50	0.347	50
6th ICB M Fund	64.21	64.94	0.730	1.136	440
BGIC	182.23	182.49	0.260	0.142	170
BD Autocars	45.48	46.00	0.520	1.143	10
Howlader PVC	106.45	108.00	1.550	1.456	130
Berwick Jainceswar	81.25	81.50	0.250	0.307	30
Dhaka Veg	82.00	85.48	3.480	5.612	75
Zeal Bangla	5.80	5.94	0.140	2.413	1840
National Oxygen	75.00	77.00	2.00	2.666	10
Eagle Star	14.50	14.60	0.10	0.689	1500
Modern Dyeing	45.00	47.00	2.00	4.444	190
Tallu Spinning	91.00	91.64	0.64	0.703	70
Beximco Pharma	450.00	454.23	4.230	0.940	130
Wata Chemical	124.89	127.00	2.110	1.689	100
Cig Cement	178.94	182.00	3.06	1.710	100
Monno Ceramic	291.94	292.07	0.930	0.319	135
Debuture					
Beximco Infusion	1755.00	1760.00	5.00	0.284	24
Beximco Pharma	1135.00	1138.00	3.00	0.264	27

Traded at previous rates (15)

Shares: City Bank (10), United Insurance (10), Atlas BD (150), Thai Aluminium (20), National tubes (10), Bengal Food (16), Rupal Oil (900), Ashraf Textile (500), Dulamia Cotton (30), Padma Textile (120), Saham Textile (200), Beximco Infusion (220), Pharmaco (25), Rahman Chemicals (260), The Ibsinsa (50).

### DSE SHARES AND DEBENTURES

Company	FV/MIL (Taka)	Closing Rate (Taka)	Northem Jute 10/50 NT	Shamir Jute 10/50 NT	Specialised Jute 10/50 NT	Shine Pukur Jute 100/5 NT	Soruli Aash 100/5 NT
<b>BANKS (12)</b>							
Al-Baraka Bank	1000/1	890.00					
A.B. Bank	100/5	170.00	100/50	112.00			
City Bank	100/5	325.00	100/50	29.30			
Eastern Bank	100/20	109.00	100/50	NT			
IDLC Ltd	100/20	205.00	100/50	NT			
IFLC	100/5	157.00	100/50	NT			
Islami Bank	1000/1	1401.00	100/10	50.00			
National Bank	100/5	91.50	100/10	76.00			
Pubali Bank	100/5	100.00	100/10	14.80			
Rupali Bank	100/10	68.00	100/50	10.00			
U.C.B.I.	100/5	120.00	100/5	47.00			
Uttara Bank	100/5	90.00	100/20	165.00			
<b>INVESTMENT (8)</b>							
ICB	100/5	100.00	100/50	100.00			
1st ICB M Fund	100/5	350.00	100/10	78.00			
2nd ICB M Fund	100/5	160.00	100/50	20.00			
3rd ICB M Fund	100/5	144.50	100/50	130.00			
4th ICB M Fund	100/10	145.00	100/5	8.00			
5th ICB M Fund	100/10	92.00	100/10	91.64			
6th ICB M Fund	100/10	64.94	100/10	147.00			
ICB Unit Cert.							
Sales Price		112.00					
Re-purchase		107.00					
<b>INSURANCE (4)</b>							
BGIC	100/10	182.49	100/50	59.00			
Green Delta	100/10	207.13	100/10	285.00			
Peoples	100/10	290.00	100/50	238.00			
United	100/10	192.00	100/50	125.00			
<b>ENGINEERING (19)</b>							
Alfab Automobiles	100/5	183.25	100/10	63.50			
Atlas Bangladesh	100/50	44.50	100/50	10.50			
Aziz Pipes	100/5	230.00	100/50	450.00			
Bangladesh Autocars	100/5	46.00	100/50	167.00			
Bangladesh Lamps	100/5	300.00	100/50	50.00			
B. Thai Aluminium	100/10	83.00	100/50	22.00			
Bengal Carbide	100/5	272.00	100/50	95.00			
Bengal Steel	100/50	20.00	100/10	32.00			
Eastern Cobles	100/5	70.58	100/50	72.00			
Howlader PVC	100/10	108.00	100/10	101.00			
Karim Pipe	100/5	62.87	100/10	101.00			
Metalex Corp.	100/5	30.00	100/20	127.00			
Monno Staffers	100/5	200.00					
Monno Jute	100/5	350.00					
National Tubes	100/10	60.00	100/50	21.00			
Panther Steel	100/50	8.00	100/50	25.00			
Quasem Drycells	100/50	9.90	100/50	67.00			
Renwick Jajneswar	100/5	81.50	100/10	16.15			
Singer Bangladesh	100/5	910.00	100/50	50.00			
<b>FOOD &amp; ALLIED (23)</b>							
A.B. Biscuit	100/5	200.00	100/50	12.00			
Alpha Tobacco	100/50	50.00	100/50	NT			
Anjan Sea Food	100/5	15.00	100/50	67.00			
Apex Food	100/5	65.00	100/50	50.00			
Arona Tea	100/5	60.00	100/50	50.00			
Bargas	100/5	145.00	100/50	176.26			
B.D. Plantation	100/5	500.00	100/50	347.00			
Bengal Food	100/5	114.00	100/50	30.00			
B.L.T.C.	100/5	800.00	100/100	42.00			
B.T.C.	100/50	74.00	100/50	19.58			
Cig. Vegetable	100/10	67.23	100/50	60.00			
Dhaka Vegetables	100/5	65.48	100/50	182.00			
E.L. Camellia	100/5	1040.00	100/50	77.00			
Prolog Export	100/50	2.00	100/50	50.00			
Gemini Sea Food	100/5	39.00	100/10	60.00			
Hill Plantation	100/5	550.00	100/50	9.00			
Modern Industries	100/5	325.00	100/50	292.07			
N.B.C.	100/52	212.00	100/20	80.00			
Rabeya Flour	100/100	NT	100/50	115.00			
Rupali Oil	100/100	3.90	100/50	74.00			
Tulip Dairy	100/10	50.00	100/50	100.00			
Yousuf Flour	100/10	NT	100/10	100.00			
Zeal Bangla Sugar	100/50	5.94	100/50	269.25			
<b>FUEL &amp; POWER (4)</b>							
BD Oxygen	100/50	74.48	100/50	1960.00			
Eastern Lubricant	100/50	14.00	100/50	NT			
National Oxygen	100/10	77.00	100/50	176.00			
Padma Oil Co.	100/50	42.00	100/50	NT			
<b>DEBENTURES (4)</b>							
Beximco	100/50	1990/1	100/50	1960.00			
17% 1998	100/50	1990/1	100/50	1960.00			
Beximco Infusion	100/50	1990/1	100/50	1960.00			
17% 1998	100/50	1990/1	100/50	1960.00			
<b>JUTE (12)</b>							
Abad Jute	100/10	NT	100/50	1200.00			
Anowara Jute	100/50	NT	100/50	1200.00			
Delta Jute	100/50	8.50	100/50	NT			
Gwalia Jute	100/50	NT	100/50	NT			
Islam Jute	100/5	49.33	100/50	NT			
Jute Spinner	100/5	75.00	100/50	NT			
Mutual Jute	100/5	105.00	100/50	NT			

Note: AMU—Asian Monetary Union.

## Clinton to unveil export policy today

NEW YORK, Sept 28: President Clinton will announce on Wednesday an aggressive national export policy urging a quick end to high technology export controls on some items and aimed at helping US manufacturers, the New York Times said today, reports Reuters.

Under the Clinton plan, which will use 19 US government agencies to help drive it, export assistance offices will be opened and the president and cabinet officials will increase their lobbying for American companies.

Another portion of the plan, known as the national export strategy, will see government export credits redirected toward manufacturers during the 1995 fiscal year.

The shift in export finance money to manufacturing will require Congressional approval, the paper said, and this may be a sticking point.



S Venkitaramanan, former Reserve Bank of India Governor, speaking at a discussion meeting on "De-regulation of Foreign Exchange" organised by the MCCI yesterday at the Chamber Conference room. MCCI President Latifur Rahman (L) and Secretary General CK Hyder (R) also seen.

## Total assets of Offshore banking Units in Bahrain rise 13 pc

MANAMA, Sept 28: Total assets of Offshore Banking Units (OBUS) in Bahrain rose 13 per cent in the year to end-June when they stood at dollar 68.08 billion, official figures showed, reports Reuters.

A Bahrain Monetary Agency (BMA) quarterly bulletin, received here, showed assets of 43 OBUS operating on the island at end-June 1992 stood at 60.27 billion dollar.

The June 1993 figure, also showed a two per cent rise on the quarter from end-March when it stood at 66.18 billion dollar.

There were 43 units operating in Bahrain by end-June 1993, compared with 75 at the height of the oil boom in the mid 1970s.

## UNDP approves \$ 1.5m programme on GIS

The United Nations Development Programme (UNDP) has approved a 1.5 million US dollar programme on integrated application of Geographical Information System (GIS) and remote sensing, reports BSS.

The four-year programme is a follow-up to the previous assistance from the UNDP to the joint ESCAP-UNDP regional remote sensing programme which was initiated in 1983, a UNIC press release said here Monday.

Bangladesh is one of the regional countries to have endorsed the programme where participating countries will contribute both in cash and kind in the spirit of technical cooperation among the developing countries, the press release said.

It was developed with the co-operation of ESCAP and the participating countries aiming

## NEC to move production of laptop computers to US factory

TOKYO, Sept 28: Electronics giant NEC Corp said Tuesday it will shift production of laptop computers to its US factory, adding to the growing migration of Japanese manufacturing to countries where costs are lower, reports AP.

NEC, which had previously built all its laptops in Japan, will start assembling laptops with colour screens at its factory in Seattle in early October. Initial monthly production is set at 5,000 units.

The company exported and sold 50,000 laptops in the United States last year, and it expects sales to double this year. NEC said it is aiming eventually to stop exports of laptops and produce them all locally in the United States.

## Notice of RHD Inviting Tenders

1. Tender Notice No : 4/E/MPD/1993-94
  2. Name of work : Supplying shingles & peagravel at Mostafapur RHD stock yard at 34th KM of Bhanga-Bhurgata Road under Madaripur Road Division during 1993-94.
  3. Estimated cost : Tk 3,43,000/-
  4. Earnest money : Tk 6,860/-
  5. Time allowed for completion of work : 30 (Thirty) days.
  6. Eligibility of contractor : "A" to "C" class general category RHD, "D" class general category of Faridpur Road Circle and "E" class enlisted contractors of Madaripur Road Division.
  7. Name of offices of availability of tender documents : Office of the Executive Engineer, RHD, Road Division, Madaripur / Faridpur / Gopalganj/Sub-Divisional Engineer, RHD, Road Sub-Division, Madaripur / Shariatpur/ Bhanga/1st Line Workshop Sub-Division, Madaripur.
  8. Name of officers to receive tender bids : Superintending Engineer (RHD), Road Circle, Faridpur, and Executive Engineer, RHD Road Division, Madaripur.
  9. Last date for selling tender : 06-10-93 up to office hours.
  10. Last date & time of receipt of tender : 07-10-93 up to 12:30 pm.
  11. Date & time of opening of tender : 07-10-93 at 12:45 pm.
- M.J. Khorshid Alam  
Executive Engineer, RHD, (CC)  
Madaripur Road Division.

## China to change economic landscape of Asia

SINGAPORE, Sept 28: A fast industrialising China will shape the destiny of Asia and lead the world's biggest boom in the next 20 years, investment strategists say, report Reuters.

"A prosperous China will radically change the entire political and economic landscape of Asia. It will dwarf everything else in Asia