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HBFC sanctions Tk 129cr loans in six months

The House Building Finance Corporation (HBFC) has intensified its activities and sanctioned Tk 129 crore as loan in first six months of the current fiscal as against Tk 37 crore during the same period last year, reports UNB.

A total of 1,339 applicants have been granted house building loan during the July-December '93 period compared to only 448 in the same period last fiscal year, said an official handout Saturday.

The loan disbursement increased significantly during the period when Tk 73.53 crore was disbursed. The figure was Tk 2.70 crore only during the same period last year.

The loan realisation by HBFC also showed market improvement. In July-December '93, the corporation realised Tk 53.45 crore which is 36 per cent higher than the amount realised during the same period of the previous year.

World food growth slows

WASHINGTON, Jan 16: The world appears near the limit of its ability to produce more food, and its exploding population must be controlled if people are to be adequately fed in coming decades, The Worldwatch Institute said in a report released Saturday, reports Reuter.

Growth in food production has slowed dramatically as the earth's ability to produce is being pushed to its limits, soil and water resources are being degraded and exhausted, and benefits from new technologies are diminishing, the annual "State of the World" report by the Washington think tank said.

"Achieving a humane balance between food and people now depends more on family planners than on farmers," said Lester Brown, Worldwatch President and the report's senior author.

Brown said the "growing demand for food and the earth's physical capacity to satisfy those needs may dominate the next four decades as much as ideological conflict dominated the four decades from 1950 to 1990."

At a news briefing, Brown said this year's report was unusually grim because "We have enough data now. Unfortunately, now I think we can see some of the constraints emerging more clearly" including a leveling off in grain yields and in the seafood catch.

This comes as the world's population is projected to jump by 90 million annually, in the next 40 years.

"Seldom has the world faced an unfolding emergency whose dimensions are as clear as the growing imbalance between food and people," Brown said.

He said a growing awareness of the earth's limited capacity to produce food calls for re-evaluating population policies, and increasing international efforts to make family planning measures available.

The per capita seafood catch which fell 9 per cent from 1989 to 1993, likely will continue to drop, the report said.

Grain production, which expanded nearly three per cent annually between 1950 and 1984, since then has dropped to about one per cent annual growth — largely because expanded use of fertiliser no longer is yielding big returns.

Brown cited shrinking world rice stocks as Asia's consumption has outpaced production for the last three years and said Japan's farmers have not been able to increase yields over the last decade despite tremendous economic incentives.

Brown recommended a global effort to assess food needs versus population growth for the next 40 years to provide "information needed to establish a public dialogue on choices in the trade off between family size and consumption levels."

"Without this global effort, countries with soaring import needs will have no way of knowing whether exportable supplies will be available," the report said.

And, Brown said, a global effort is needed to make family planning services available to all who want them, and to raise the world's literacy rate, which goes hand in hand with lower fertility levels.

He said a measure often cited as a key to feeding more people — cutting use of grain to feed livestock in the industrial countries and increasing food assistance to the developing world — would have little impact.

Even if that allowed a doubling of US food aid, he said, that would only feed an additional 50 million people, which is less than seven months of population growth.

PWD contractors demand withdrawal of 18pc tax

Bangladesh Ganapurta Thikadar Samity yesterday demanded withdrawal of the government decision imposing 18 per cent tax on the bills of contractors enlisted with Public Works Department, reports UNB.

Addressing a news conference at National Press Club, General Secretary the Public Works Contractors Association Sagir Ahmed said according to provision, the contractors are given 10 percent profit from labour wages for any construction work.

But the government has decided to cut 18 per cent taxes — 15 per cent as VAT and three per cent as income tax — from contractors working under the Public Works Department.

"This (the decision) is but a grotesque thought" of the government, Sagir said in a statement. "The VAT imposed on us is nothing but a wrong step of the Finance Ministry.

The Association leader said construction firms are to pay VAT while buying brick, sand, rod, cement etc. So the government cannot charge VAT from contractors for the second time. Even the government has instructed to cut VAT from works completed during 1991-92 when the Value Added Tax was not introduced.

He asked the government to revoke its decision by January 30, otherwise the Association will be compelled to go for agitation.

Acting President of the Association Saidur Rahman Sayeed, ex-President F I M Mohsin Bulbul, Jahangir Foiz, Abdul Makim and Moshfiqur Rahman Hannan were present at the press conference.

BRTC to launch double-decker bus service in Ctg Jan 19

CHITTAGONG, Jan 16: Bangladesh Road Transport Corporation (BRTC) will put into service six double decker buses in the port city here from January 19, reports BSS.

Communications Minister Oli Ahmad is expected to inaugurate the double decker bus services, according to an official source. Chittagong city dwellers will, for the first time, have the opportunity to travel in double decker buses.

Chittagong City Corporation, Power Development Board, T and T department and others concerned have started removing all obstacles to facilitate double decker bus services in the city.

Initially double deckers will play on three important city roads connecting Chittagong Port, Bayazid Bostami and Bahaddarhat, the source said.

Violence industry in US !

ATLANTA, Jan 16: The widow of civil rights leader Martin Luther King says the nation must confront businesses that promote violence in order to reduce violent crime, reports AP.

"We must recognise that while violence is ultimately committed by individuals, it is promoted and encouraged by a massive violence industry," Coretta Scott King wrote in an article published in Sunday's editions of The Atlanta Journal-Constitution.

The article criticizes film and television companies, video arcade operators, gun manufacturers and sellers and toy makers for advertising and promoting violence.

"For a long time the different firms, that make up the violence industry ... were able to avoid their responsibility," Mrs King said.

"But when we see the overall pattern that links these diverse firms, it becomes clear that collectively they play a central role in inculcating and promoting a national culture of violence — one which has its echoes in the gunfire on the streets of our major cities."

Mrs. King, whose husband was slain in 1968, said the country must begin to regulate advertising that promotes violence.

A five-member team led by the Women's Affairs Advisor to the President of the Islamic Republic of Iran Shahla Habibi visited the Grameen Bank on Friday. They exchanged views with the Managing Director of the bank Prof Mohammad Yunus and the Deputy Managing Director Mohammad Khaled Shams and evinced keen interest in Grameen Bank activities. The members include: Parveen Salihi, Iran's Parliament Member, the Ambassador of Iran in Bangladesh, Mahmud Bayat, Begum Bayat and the Second Secretary of the Iranian embassy.

Rupali Bank zonal heads' confce held

A one-day zonal heads' conference of Rupali Bank Ltd was held on Friday at the bank's training institute in the city, says a press release.

Azizul Haq, Member of Parliament and Chairman, Rupali Bank Ltd addressed the conference as chief guest.

While speaking on the occasion, Azizul Haq said deposit, investment and profit are the most important aspects relating to operations of a commercial bank. He stressed the need for recovery of stuck-up advances, which he pointed out, was posing great problem to each and every bank including Rupali Bank. He indicated that the future reward for bank's employees will depend much on the recovery performance. He observed that the zonal heads should follow-up the loan cases upto the grass-root and head office level management shall have to ensure quick disposal of loan proposals emanating from branch level.

In his address, S S Niamuddin Ahmed, Managing Director (Current Charge) of Rupali Bank called upon the zonal heads to put in their all-out efforts to achieve the recovery target, deposit, profit, imports, exports remittance and other remunerative business targets of 1994.

'Indonesia will keep macro-economic stability this year'

JAKARTA, Jan 16: Indonesia, expecting an even better economy this year, will keep macro-economic stability as the top priority of its future monetary and banking policies, the central bank governor said here Friday, reports AFP.

"A stable macro-economic condition will provide a strong foundation for sustainable development, thus facilitating the achievement of development targets," Bank Indonesia Governor Sudrajad Jiwandono said at the annual bankers' meeting.

"The prospects of our economy in 1994 are expected to be better than in 1993," Jiwandono said, but warned that "we do not need a volatile recovery that goes beyond our capacity to sustain and in turn, could lead once again to economic overheating."

Jiwandono said macro-economic stability was essential for establishing and maintaining business confidence, improving the competitiveness of export products, mobilizing domestic savings and reducing costs or interest rates to support investment.

To achieve the objectives, the central bank would manage foreign borrowings to prevent unnecessary pressure on the balance of payments, he said.

He said the better economic growth in 1993, at 6.7 per cent compared to 6.3 per cent in 1992, was supported by a relatively high increase in none-oil and gas exports, which rose by 19.8 per cent.

In the next five years, the growth rate for non-oil and gas exports is targeted at 16.8 per cent annually.

Last year the country saw favourable development in the banking sector and the development of the balance of payments, leading to an overall economic recovery, Jiwandono said.

Bank credits increased from eight per cent in 1992 to 18 per cent last year, he said.

He said lower deposit rates, from an average of 17 per cent in 1992 to 10 per cent last year, had prompted a recovery of the stock exchange as reflected by the sharp increase in the composite price index, capitalisation, and the value of stocks.

Steps taken to save German bank from bankruptcy

FRANKFURT, Jan 16: Metallgesellschaft AG, one of Germany's most important industrial companies, secured a broad agreement from its creditor banks on a package of measures to save it from bankruptcy, reports Reuter.

The company said that under the agreed package it would receive new equity capital worth 2.7 billion marks (1.54 billion US dollars) and credits worth 700 million marks (400.1 million US dollars) as Metallgesellschaft was no longer overindebted the company could now embark on a restructuring programme, it added.

Metallgesellschaft made losses of 1.8 billion marks (1.03 billion US dollars) in its 1992/93 business year, after running into difficulties with speculative oil deals in United States.

It has also said it faces possible further losses on the oil transactions of up to 1.5 billion marks (887.4 million US dollars). It would almost certainly have become insolvent if banks had not agreed to bail it out.

Metallgesellschaft, a broadly diversified conglomerate, is Germany's 14th largest company with a staff of nearly 60,000.

Delhi plans to auction Rs 30b zero coupon 5-year bonds

BOMBAY, Jan 16: The Indian government's first auction of zero coupon bonds has generated much enthusiasm among banks although the yield from them may be lower than the coupon rates for similar securities, dealers said, reports Reuter.

The Reserve Bank of India (RBI) plans to auction 30 billion rupees of zero coupon five-year bonds on Monday.

The new bonds are part of a government effort to allow the market to determine interest rates and making money market more structured under its two-year old radical economic reforms programme.

Bank Treasury dealers said banks will quote at 53.75-53.90 rupees per 100 rupees for the new bonds.

"At this price the yield will work out to 12.75-12.85 per cent against a rate of 13 per cent ruling for five year government securities," said a dealer.

But a shift in the preference of many big money market players to more structured investments, particularly government securities, will ensure that the auction is a sell out.

He said many banks preferred to invest in government treasury bills despite a continuously falling yield curve.

Dealer said the yield on 91-day treasury bills in the last six months had fallen by nearly two percentage points to around eight per cent and on 34-day treasury bills by 0.4 percentage points to 11 per cent.

Another dealer with an American Bank said the shortage of good, safe instruments with good yield to maintain the Statutory Liquidity Ratio (SLR) made the zero coupon bond very attractive.

For example the 13 per cent government bonds to mature in 1998 were quoting at 103 per cent government bonds providing a yield of 12.20 per cent.

He said there was a fear that big players like the Unit Trust of India and State Bank of India may corner a big chunk of the zero coupon bond by quoting a price which gives a yield to maturity of just 12.5 per cent.

"Banks are willing to pay a premium for this instrument," another dealer said.

"It's (zero coupon bond) a great instrument to have in your portfolio. It is convenient to trade because you do not have to adjust any coupon rate to determine market price," he said.

The absence of any cash flow until maturity makes the instrument highly price sensitive, he added.

Banks had feared that only the cost at which they bought the bonds would be considered to determine SLR.

Western aid fails to cut inflation in Russia : Expert

PRAGUE, Jan 16: Jeffrey Sachs, the Harvard economist who advises President Boris Yeltsin, said western aid had failed to head off growing popular discontent in Russia because it did nothing curb inflation.

In an interview with Reuter, Sachs was sharply critical of all aid packages offered so far, including one pledged by US President Bill Clinton during his visit to Moscow this week.

Sachs said the best way to stabilise the tottering economy would be to control inflation by using western money to help shrink the state budget deficit, seen this year at 24 billion US dollar.

He said the G-7 states should put together a 14 billion US dollar western cash infusion to replace the piecemeal approach to aid the west has been following so far.

On Friday, the Clinton administration promised to work with the G-7 to free up 1.5 billion US dollar in IMF credits already planned as part of western aid package. "(This) package ... isn't really designed towards what I think is the greatest risk that face the Russians face and what we face, which is continuing very high inflation and high social instability in Russia.

"So the nature of the package would have to be altered."

US officials also said they were seeking additional funds from international banks for unemployment and hardship programmes to help cushion the speed of reform in Russia.

But Sachs said these measures were inadequate not only because they fell short of the amount needed, but because the IMF-centred approach avoided solving the primary problem of monetary instability. "Much of the aid that is being talked about is not budgetary support," Sachs said.

"One-and-a-half billion (dollar) is not 14 billion and to get up to 14 you have to show assurances that the whole financial programme could be packaged," he said.

Azizul Haq, Member of Parliament and Chairman, Rupali Bank Ltd addressing the zonal heads' conference of the bank at its training institute in the city on Friday. Also seen in the picture are: S S Nizamuddin Ahmed, Managing Director (Current Charge), M/S Mohammed Muslim, M A Hashem, A H Majumder, Mustafizul Huda, General Managers and the zonal heads.

World cocoa, coffee markets in shambles over week

LONDON, Jan 16: The world cocoa and coffee markets were shaken this week by speculation over the eventual evaluation of the CFA franc and fears of the increase in exports from the affected countries, reports AFP.

At the end of the week, calm returned to the markets after the devaluation went ahead and after analysts said that any increase in exports could be offset by a fall in harvests next year.

The 50 per cent devaluation of the CFA franc, the common currency used by 14 west and central African countries, shook the cocoa market in particular, where Ivory Coast is the world's leading producer and Cameroon the seventh largest.

The price of cocoa fell at the start of the week on fears of an increase in exports, but then rose after analysts said possible social unrest in the countries and the increased costs of imported goods including fertilizer and machine parts could combine to reduce next year's harvests.

The coffee market was also unsettled by the devaluation, Ivory Coast being the fourth largest coffee producer in the world and the leading African producer.

However, eyes quickly turned to Brazil, where the government was negotiating over the financing of its exports retention scheme.

Among the industrial commodities, Brent North Sea oil fell back below 14 dollars a barrel after a specialist review said an expected meeting of OPEC ministers would not take place before February 11.

After falling at the start of the week, precious metals prices rose in line with a rally in New York, boosted by speculative buying and hopes of an industrial recovery in the United States.

On the London Metal Exchange (LME), metals prices rose on speculative interest and hopes for an increase in demand. He price of zinc and aluminium was boosted further by negotiations among the producer countries over measures to cut production.

Gold: Recovery after weak start. The price of gold fell at the start of the week but then recovered sharply in the wake of a rise on the New York market, which was encouraged by better than expected US retail sales figures for December.

A study by Gold Fields Mineral Services (GFMS) published Friday said the return of physical demand to "normal" levels towards the end of 1993 had put the gold market in a "good situation" for 1994.

Silver: Higher after weak start. The price of silver fell to the start of the week to below the five dollar an ounce level, but recovered on Friday to end the week at the previous week's highs.

The market reacted cautiously to the sharp speculative rise in New York on Thursday which dealers said was based mainly on movements on the money markets.

Platinum: Higher. The price of platinum was steady for most of the week, rising on Friday in line with other precious metals, and boosted by the rise in New York on Thursday.

Copper: Higher. Copper price rose by 1.9 per cent in buoyant trading on the LME this week — speculators pushing all the metals higher despite poor market fundamentals.

Buying in the copper market was boosted by strengthening demand for the metal in the US and a fall in the New York commodity exchange stock levels.

LME cooper stocks rose by 7,450 tonnes to 617,800 tonnes, their highest level since February 1978.

Lead: Higher. Lead price rose by 4.8 per cent on both trade and speculative interest. A pickup in the US car industry has boosted demand for lead which is used in the manufacture of car batteries, dealers said.

Zinc: Higher. Zinc also rose, climbing 2.4 per cent despite the lack of concrete progress at the previous week's meeting of European zinc producers to review progress on a European zinc shutdown agreement.

European zinc industry representatives have emphasized that progress is being made in the talks despite the decision not to release further details after a meeting in Brussels.

Aluminium: Slightly higher. The Aluminium price rose slightly, up by 1.5 per cent to reach its highest level since August 1993, before falling off fractionally.

Aluminium is unlikely to fall significantly head of next week's multilateral producer talks in Brussels, analysts at London brokerage house GNI said.

Nickel: Sharply higher. Nickel prices jumped 7.7 per cent over the week, to the highest level since June 1993, boosted by speculative commission house buying on signs of a short-term rise in demand.

Further advances might be capped by expectations of sizeable deliveries of Russian material to western Europe in the next few days, traders said.

Cocoa: Recovery after a weak start. The price of cocoa fell early in the week on speculation that the CFA franc, used in 14 west and central African countries, would be devalued by 50 per cent.

Disappointing figures on British and German cocoa grindings also depressed prices.

However, the trend reversed at the end of the week after the devaluation finally took place and analysts expressed unease at its social implications.

Coffee: Uneven. The price of coffee traded around the 1,200 dollars a tonne level, cautious ahead of fresh purchases by the Brazilian government under the producer countries' exports retention scheme.

Brazil is the world's leading coffee producer.

Analysts were sceptical about the ability of some countries to follow through with the scheme, withholding 20 per cent of their producer's exports from the market to boost prices.

Sugar: Firm. The price of sugar rose to its highest level since last June, boosted by signs of a fall in world stocks after an increase in demand.

Prices cut back on their gains later in the week on profit-taking and ended the week almost unchanged from the previous Friday.

Crude oil: Uncertain. The price of Brent North Sea crude oil fell below 14 dollar barrel this week after rising to 14.3 dollars the previous week on hopes of an early meeting of OPEC.

The market fell back after the specialist weekly Middle East Economic Survey (MEES) said the meeting would not take place before February 11.

Rubber: Slightly lower. The price of rubber fell slightly, reacting to the devaluation of the Malaysian currency, the ringgit.

The devaluation of the CFA franc has little impact on prices, analysis said, noting that African output accounts for just one or two per cent of the world's rubber production.

Grain: Slightly lower. The price of grain fell despite worries about the effect that heavy flooding in the south of England this week would have on the quality of the British cereals harvests.

The market also shrugged off the rise of the Chicago market, which was boosted by the downward revision of the US Department of Agriculture (USDA) estimates of the US wheat harvest.

Tea: The price of tea bold at the London auctions reached 170 pence/kilo for higher grade, 103 pence/kilo for middle grade and 92 pence/kilo for lower grade tea.

Demand remained steady, supported by the strength of demand in the winter period but a slowing up is expected over the next few months, dealers said.

Cotton: Sharply higher. The indicator price rose on the Liverpool market to its highest level since October 1991, boosted the USDA's downward revision of US production because of the flooding in the US Midwest last year.

The department said production would probably reach 16.2 million bales in place of the 16.3 million estimated last month.

Wool: Weak. The price of wool remained weak on the Bradford market, despite signs of economic recovery in the US. The high level of world stocks was seen as more than compensating for a potential recovery in demand.

China's ad sector achieves success

BEIJING, Jan 16: China's fledgling advertising industry notched up a record annual turnover of 10 billion yuan last year, up 19 per cent from 1992, it was reported yesterday, says AFP.

In announcing the figures, State Administration of Industry and Commerce Director, Liu Minxue, stressed the success last year of measures aimed at standardizing the advertising sector to bring it into line with international practices.

The advertising industry reemerged in China 1979 from a 30-year absence after being branded a capitalist evil in 1949.

There are currently 25,000 advertising firms in the country, the Xinhua news agency quoted Liu as saying.

The government introduced measures in 1993 to end the domination of the industry by state-owned media organs, banning them from contracting such business and introducing censorship to curb widespread fraudulent advertising.

An ads agency system, with responsibility for monitoring advertising, began trial operations in October and an advertising law is expected to be passed sometime this year.

Chinese film and pop stars can command vast sums for appearing in advertisements. Film actress Gong Li received a record one million yuan fee last year for promoting a particular brand of air conditioner.