

World Bank advises India to slow down capital inflows

NEW DELHI, June 18: The World Bank in its latest India report urged the country to use market-based instruments to slow down a surge in capital inflows to prevent the rupee from appreciating and harming the growth of its exports, reports Reuters.

It said the fiscal deficit was still high and domestic investment low.

"The most prudent policy would be to utilise market-based instruments to slow capital inflows to a level the economy can absorb without undermining macro-economic stability and external confidence," the report said.

The surge in the inflows started after India launched a radical economic reform programme in mid-1991.

The bank acknowledged that guidelines set by the gov-

ernment last month to restrict issues of equity abroad will help reduce the volume of inflows.

The bank also advised India to lift restrictions on firms holding funds abroad.

"Were all these measures insufficient to bring capital inflows within manageable proportions, it may be necessary to consider some appropriate form of taxation of the inflows," it said.

Foreign direct investment rose to 7.44 billion rupees between January and April this year. It was 17.86 billion rupees in the last calendar year.

Since mid-1991 when foreigners were allowed to invest in India under the reform programme, direct investment from overseas has reached 35.57 billion rupees.

The flow of foreign funds

into the country's 22 stock markets is estimated at 2.0 billion dollars since the launch of the reforms, aimed at dismantling socialist style economic control that were put in place shortly after the country gained independence from Britain in 1947.

"The challenge to the Indian authorities is to formulate a policy response which protects the competitiveness of the real exchange rate and translates the surge in capital inflows into higher investment," the report said.

"Capital inflows have thus placed the nominal exchange rate under pressure to appreciate," the report warned.

It said the Reserve Bank of India (RBI) was holding the exchange rate constant in normal terms by purchasing all

the excess supply of foreign exchange at that rate.

"This has caused rapid reserve accumulation and expansion of base money, which has created inflationary pressure and has meant a real appreciation of the rupee — which would be detrimental to continued strong export growth."

The rupee, made largely convertible on the current account in March 1994 under the reforms, has held steady since then, at around 31.3700 to the dollar.

The bank said RBI intervention can mean rising domestic real interest rates and a source of large losses to it.

It said the RBI had the capacity to absorb inflows within two billion dollars to three billion dollars without further appreciation of the real exchange rate.

Mahathir blasts Clinton for rejecting EAEC

KUALA LUMPUR, June 18: Washington was accused yesterday by Malaysian premier Mahathir Mohamad of having racist reasons for rejecting the proposal for an economic caucus for East Asian economies, reports AFP.

"We don't understand why the EAEC (East Asian Economic Caucus) has been rejected when it hasn't even been formally set up," Mahathir told a news conference.

"They (the United States) have formed a trade bloc (the North American Free Trade Area) and we have accepted it. But we haven't even formed a trade bloc, yet they are against us. Why... because of our colour?" Mahathir questioned.

His strident remarks came in the wake of a report by Japan's Kyodo news agency that US President Bill Clinton's administration had informed Tokyo it opposed the caucus, mooted by Malaysia in 1990 as a loose forum for East Asian economies.

But Mahathir made it clear Kuala Lumpur would not let Washington's rejection of the EAEC affect bilateral ties, which only began improving recently after being strained for nearly four years following opposition by the previous administration under George Bush on grounds it was a budding trade bloc.

"We will not allow this to affect too much our relationship with the US," added Mahathir, who said after a meeting with Clinton in Washington last month that relations between Malaysia and United States will be "easier."

Kyodo reported Wednesday that a US official in Tokyo had conveyed the Clinton administration's renewed objections of the EAEC to the Japanese government after mulling the proposal.

Dhaka Stock Prices

At the close of trading on June 18, 1994

Dulamia Cotton leads gainers

Star Report

Dulamia Cotton led the gainers on the floor of the Dhaka Stock Exchange (DSE) on Saturday, the opening day of the week.

The company led 20 gainers in terms of volume with 5480 shares traded.

Ambee Pharma (1150), Quasem Drycells (600), Apex Spinning (780), and Petro Synthetic (650) also gained significantly.

In terms of value, Singer Bangladesh dominated the gainers' list with a rise of Tk 23.73 per share.

First ICB M Fund, 3rd ICB M Fund and Apex Spinning also experienced remarkable gains in terms of value.

Chittagong Cement Clinker led 16 losers in terms of volume. Its 7850 shares were traded.

Among the losers, Ashraf Textile (1900), Quasem Silk (1800), Beximco Synthetic (1180) and Beximco Ltd were also major volume leaders.

Beximco Pharma topped the losers' list, in terms of value, with a fall of Tk 5.00 per share.

A total of 30,888 shares worth Tk 56,81,445.00 changed hands as against Thursday's 20,709 shares valued at Tk 59,92,525.00.

The changes meant 49.15 per cent increase in the total volume and 5.19 per cent fall

Trading at a glance

DSE All Share Price Index	633.56927
Market Capitalization Tk	2,882,28,92,167.00
Turnover in Volume	30,888
Turnover in Value Tk	56,81,445.00
Company's name	Change Number (per share) of shares Tk traded
Gainers (20)	
1st ICB M Fund	10.00 10
3rd ICB M Fund	6.00 125
4th ICB M Fund	4.62 130
Eastern Cables	1.02 235
Singer BD	23.73 10
Atlas BD	0.21 250
Quasem Drycells	0.12 600
Howlader PVC	0.50 200
Dulamia Cotton	5.00 5480
Tallu Spinning	0.08 240
Padma Textile	5.00 40
Apex Spinning	5.16 780
Ambee Pharma	0.10 1150
Petro Synthetic	0.40 650
Pharma Aids	5.00 40
Kohinoor Chemical	0.13 275
Ibnsina	4.00 40
Beximco Infusions	4.00 40
Apex Footwear	1.10 40
B Infusions (Deb)	2.50 4
Losers (16)	
6th ICB M Fund	1.57 170
BD Thai Aluminium	0.36 80
Bangas Ltd	2.50 40
Ashraf Textile	0.62 1900
Quasem Silk	0.17 1800
Desh Garments	0.25 190
Tamijuddin Textile	2.00 70
Beximco Pharma	5.00 5
Beximco Synthetic	0.4 1180
Paper Processing	0.50 10
GQ Ball Pen	0.78 515
Monno Ceramic	0.16 90
Usmania Glass	3.13 45
Beximco Ltd	0.47 4900
Cig Cement	0.88 7850
Eastern Insurance	1.19 960
Issues (10) unchanged	
Islami Bank (2), Alpha Tobacco (50), Quasem Textile (250), Modern Dyeing (55), Apex Tannery (135), BGIC (10), United Insurance (200), Beximco Pharma Deb (17), BCL Deb (1), Beximco Ltd Deb (24).	

Mexican food festival begins

A gorgeous Mexican food festival at Sonargaon Pan Pacific Hotel, began yesterday, says a press release.

It will continue at Cafe Bazar till June 24, from 7 pm to 10:30 pm every day.

A wide range of delicious Mexican cuisines are being served at the dinner. To highlight the festival "Cafe Bazar" has been tastefully decorated depicting Mexican culture and heritage.

The festival was inaugurated by Sammy Sasaki, Resident Manager of Sonargaon Pan Pacific Hotel.



A Mexican food festival began at Sonargaon Hotel in the city yesterday. —Star photo

Lanka appoints commissioner to investigate fall in tea price

COLOMBO, June 18: Sri Lankan President Dingiri Banda Wijetunga has appointed a commissioner to investigate the "unprecedented decline" in the price of tea, the mainstay of the island's economy, reports AFP.

The commissioner will report on the "unprecedented decline in tea prices, especially in relation to global supply and demand factors," an official statement here Friday said.

The commissioner will also investigate factors such as low productivity, poor cost efficiency and collusion or unfair competition among exporters and traders, it said.

The commissioner will also look into whether the current decline in tea prices in the Colombo market had been caused by domestic or global factors or by market manipulation.

In addition, he will report on the effectiveness of marketing tea through the Colombo tea auction and other channels, such as direct sales, the statement said.

Tea prices have dropped sharply at the Colombo tea auction in recent weeks, with supplies, boosted by a bumper crop last year, outstripping demand and lack of interest among some traditional buyers, tea brokers say.

Metal prices soar to new highs

LONDON, June 18: Industrial metal prices soared to new highs here as fresh signs that output is falling and demand rising lured in hoards of speculators, reports Reuters.

Even gold, largely left behind in this year's rush to buy commodities, managed to rise though rather bizarrely, because soyabean prices have risen sharply.

"There is a growing perception that the corner is about to be turned," analyst Angus Macmillan of London Metal Exchange (LME) said.

It has hit its highest for three years, while copper and lead were both near two-year highs.

News of a sharp drop in stocks sent aluminium, widely used in industry for its light weight and resistance to corrosion, shooting up 38 dollars to 1,480 dollars a tonne.

It has risen about 30 per cent so far this year, helped by an agreement among the world's leading producers to cut output to help reduce massive stockpiles that had built up during the global recession.

Lead's chief use is in car batteries, whose sales are picking up.

The metal rose 11 dollars to 560 dollars a tonne. It now stands more than 50 per cent above the 20-year lows it touched last year.

Gold, which appears to have lost much of its past glamour as an investment of last resort, put on three dollars on Friday to just 388 dollars an ounce.

But traders said the reason was because soyabeans price were rocketing up on United States markets on reports there of dry weather which could damage crops.

Soyabeans are a key component in the commodity research bureau index, traded on US markets. When they rise in price the index also rises.

US-Japan trade talks

Hata pessimistic about successful conclusion

TOKYO, June 18: Japan's Trade Minister Eijiro Hata was yesterday pessimistic about a successful conclusion of US-Japan trade talks in time for the Naples summit of the Group of Seven (G-7) industrialised nations, reports AFP.

Hata told reporters: "Both sides are making efforts to conclude the talks, but drastic progress is unlikely."

The trade minister predicted that any agreement on the issue ahead of the summit, but US officials had already said an early conclusion would be difficult.

On Thursday, the two sides started discussions on telecommunications and glass markets, and are expected to hold high-level talks on government procurements next week in Tokyo.

Britain abolishes control over milk

LONDON, June 18: Britain abolished 60 years of control over milk in England and Wales yesterday as it announced a free market from November 1, reports Reuters.

Minister of Agriculture Gullian Sheppard said that replacing managed milk markets with competition would bring benefits for milk producers and consumers and give the industry greater freedom to compete on level terms in Europe.

"The present system of managed markets and end-use pricing will be replaced by the normal disciplines of a competitive market," she said in a written parliamentary reply.

Now dairy farmers will be free to sell to anyone they like, and intense negotiations with dairy companies and other milk buyers are expected to be conducted up to November 1.

Indian trade team leaves for China

NEW DELHI, June 18: An Indian businessmen team organized by the Confederation of Indian Industries (CII) has left today for China to look for business and cooperation opportunities, reports Xinhua.

This was announced by CII President Subodh Bhargava today at the luncheon hosted by CII in honour of visiting Chinese Minister of Foreign Trade and Economic Trade Wu Yi.

The CII mission will visit several places in China during the period from June 20 to June 24, Bhargava said.

"The main objective of the mission is to look at the possibilities of developing trade, business and investment cooperation between the two countries," the CII President said.

He expressed the hope that the CII will send another team to China later in the year and to meet the industrialists in the interior provinces of China.

Bhargava said that he was very happy at the considerable improvement of bilateral trade between India and China last year.

"With economic and trade liberalisation in India and China opening its market to the world and also to each other, CII will play in effective and catalytic role enabling members of Indian and Chinese industry to take the advantages of the open-door policy of the two government," he said.

The CII President noted that Chinese overseas trade is of the order of nearly 200 billion US dollars per year while the India-China trade stood at less than 700 million US dollars last year.



Fireman hoses down a collapsed fire-damaged factory on Friday situated in the Special Economic Zone of Zuhai in southern China. Some eight people were killed in the collapse which occurred when factory employees were sent into the fire-gutted building to retrieve damaged stocks. The factory was owned by a Hong Kong-Chinese joint venture. — AFP photo

Exchange Rates

The following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as on June 18. (Figures in Taka)

Currency	Selling TT & OD	EC	TT Clean	Buying OD	Transfer
US Dollar	40.3250	40.3450	40.1015	40.0194	39.8955
Pound Sterling	61.8989	61.9296	60.9005	60.7760	60.5877
DM	25.1875	25.1999	24.7832	24.7325	24.6559
F Franc	7.3711	7.3748	7.2508	7.2359	7.2135
C Dollar	29.1370	29.1514	28.6769	28.6182	28.5295
S Franc	29.9134	29.9282	29.4364	29.3758	29.2851
Jap Yen	0.3968	0.3970	0.3864	0.3856	0.3844
Indian Rupee (AMU)	1.2908	1.2973	1.2754	1.2594	—
Pak Rupee (AMU)	1.3177	1.3243	1.3020	1.2858	—
Iranian Riyal (AMU)	0.0231	0.0232	0.0229	0.0226	—
A) T. T. (DOC) US Dollar Spot Buying Tk 40.0605					
B) Usance Rates:					
30 Days DA	39.4671	39.1831	38.8990	—	—
90 Days DA	—	—	—	—	—
120 Days DA	—	—	—	—	—
180 Days DA	—	—	—	—	—
C) US Dollar sight export bill 3 months forward purchase: Tk 40.0185					
D) US Dollar 3 months forward sale: Tk 40.5450					

Shipping Intelligence

Chittagong Port

Berth position and performance of vessels as on 18.6.1994

Berth No.	Name of Vessels	Cargo	L Port	Local Call Agent	Date of Leaving	Arrival
J/1	Armas	TSP (P)	Sing	PSAL	22/5	21/6
J/2	Samudra Samrat	Rice (P)	G/1	Kara	SSL	12/6
J/3	Favore	Cement	Chin	MSA	15/6	24/6
J/4	Mulpha Subang	Cement	Sing	Paragon	27/5	—
J/6	Pearl One	Rice (P)	G/1	Yang ENCL	15/6	23/6
J/7	Nomadic Lady	Wheat (P)	Sing	Seacom	29/5	23/6
J/8	Kamaleverett	Gl	Sing	EBFL	12/6	20/6
J/9	Champion Trader	Gl	Mong	BEI	16/6	18/6
J/10	Dolores	Idle	—	Seacom	R/A	30/6
J/11	Morakot Narce	M Seed	Vanc	Royal	12/6	25/6
J/12	Lhotse	Cont	Sing	HSL	17/6	—
J/13	Andrian Goncharov	Cont	Sing	CT	16/6	21/6
MPB/1	Meng Kiat	Cont	Sing	AML	14/6	20/6
MPB/2	Ultima	Cont	Mong	BSTA	15/6	20/6
CCJ	Astron	Repair	Aqaba	SSST	25/5	20/6
GSJ	Alkyonis	Wheat(G)	—	Lams	R/A	—
DDJ/1	Banglar Robi	Cont	Mong	HSC	16/6	20/6
DDJ/2	Infinity	Repair	Sing	HSL	17/5	30/6
CUFJ	Umang	Urea	Kand	B Day	8/6	19/6

Vessels Due at Outer Anchorage

Name of Vessels	Date of Arrival	Last Port	Local Call Agent	Cargo	Loading Port
Asian Victory (24)	18/6	Sing	JF	Vehicles	—
Blue Shark	18/6	Chin	Prog	—	—
Ramdas	18/6	Cal	SSL	Gl/GL	UK Cont
Helen-N	18/6	Sing	PRSA	R Phos	—
Dignity-1	18/6	Chin	USTC	Cement	—
Rota Bintang 8/6	18/6	Sing	CTS	Cont	Sing
Zenath-1	20/6	Mong	PSAL	Scrapping	—
Socol-1 4/6	21/6	Col	Baridhi	Cont	Col
Sea Lady	20/6	Qing	HSL	Cement	—
Arcadia-1	21/6	—	Seacom	C. Clinker	—
Vivsa Shobha	22/6	Sing	PSAL	Cement	—
Banglar Kakoti	20/6	Mong	HSC	Gl	UK Cont
Black Whale	20/6	—	Prog	Gl	—
Meng Lee 8/6	22/6	Sing	AML	Cont	Col
Green Island	21/6	—	Karna	Gl	—
Fong Yun 11/6	21/6	Sing	BDSHP	Cont	Sing
I Yamurenko 15/06	21/6	—	CT	Cont	Sing
Yannis-II	22/6	Sing	HSC	P Iron (P)	—
Banglar Moni 13/06	22/6	Sing	HSC	Cont	Sing
Inke Wehr 14/06	22/6	—	APL (B)	Cont	Sing
Al Swatthra	23/6	Pena	ASL	Gl	—
Banglar Maya	23/6	—	HSC	Gl	—
Tirgu Secutes	25/6	—	USTC	P Iron	—
Fong Shin 15/6	25/6	Sing	BDSHP	Cont	Sing
Qing He Cheng	25/6	S Hat	BDSHP	Gl	China
Amilla	26/6	Dunk	LTL	Wheat (G)	—
Petr Starostin 15/6	26/6	—	CT	Cont	Sing

Tanker due

Name of Vessels	Date of Arrival	Last Port	Local Call Agent	Cargo	Loading Port
Argostoli Bay	18/6	Rast	Archangel	C Oil	—
New Empress	21/6	—	Seacom	CLSO	—
Botany Triad	2/7	—	JF	Tallow	—

Vessels At Kutubdia

Name of Vessels	Cargo	Last Port	Local Call Agent	Date of Arrival
Tanary Star	Cement	Sing	USTC	28/5
Pavina-1	—	Mong	ISTA	9/6
Kaplat	Rice (P)	Kara	Karna	15/6
Al Tajwar	Repair	Mong	HSL	18/6

Vessels at Outer Anchorage

Ready On

Name of Vessels	Cargo	Last Port	Local Call Agent	Date of Arrival
Loyal Bird	Urea	Mong	ENCL	R/A(25/5)
Fantasy	Rice(P)	Sing	SFS	2/6
Banglar Jyoti	—	—	HSC	R/A (15/6)
Banglar Shourabh	—	—	HSC	R/A (18/6)
Banglar Asha	—	—	Lams	R/A (18/6)

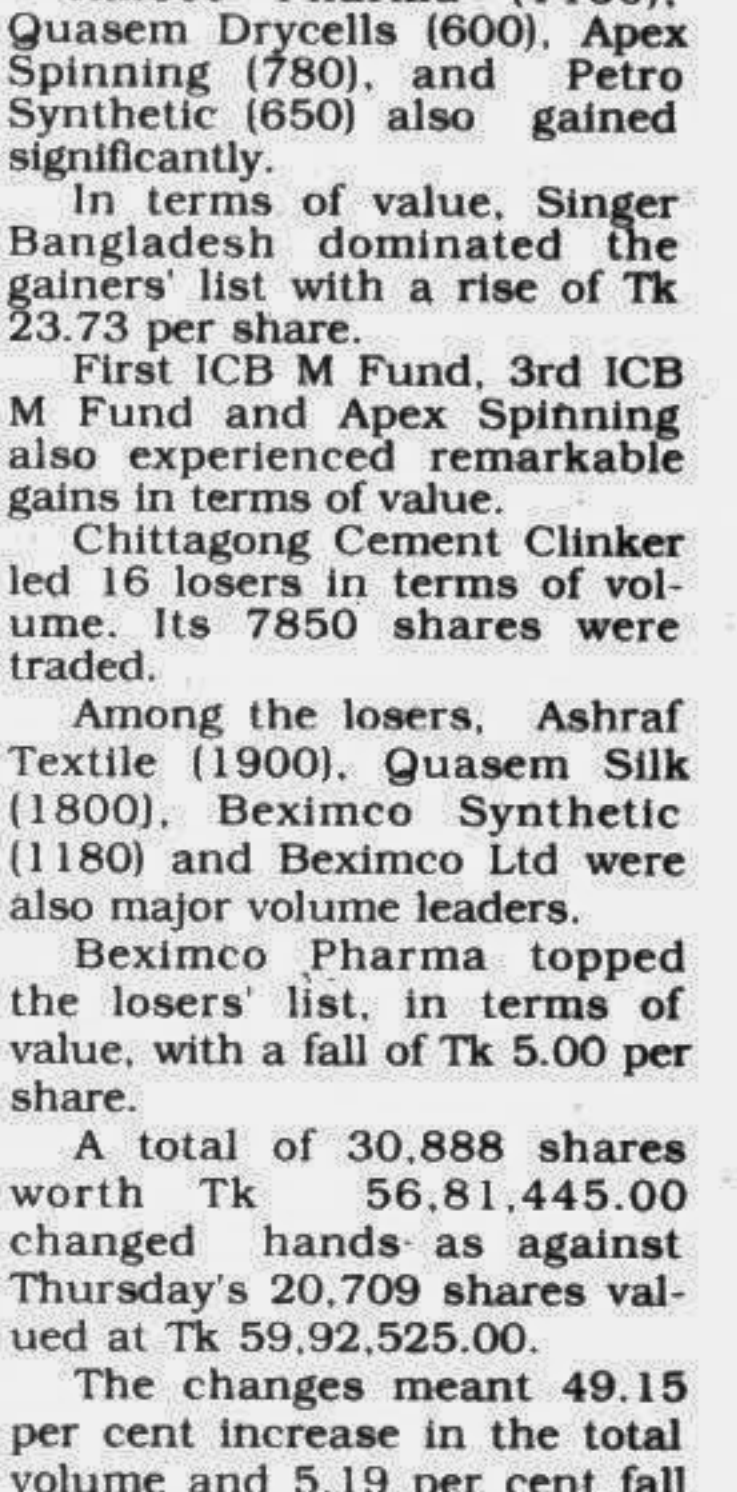
Vessels Awaiting Instruction

Name of Vessels	Cargo	Last Port	Local Call Agent	Date of Arrival
J/3 A Victory	—	—	—	—
NB K Bintieng	—	—	—	—
NB Dignity-1	—	—	—	—
NB Kaplat	—	—	—	—
J/9 Ramdas	—	—	—	—
NB R Goang	—	—	—	—
J/4 M Naree	—	—	—	—
NB Favore	—	—	—	—
NB Pavlina	—	—	—	—

Movement of Vessels for 19/6/1994

Outgoing	Incoming	Shifting
J/4 M Subang	DOJ B Shourabh	GSJ Alkyonis to J-3
J-9 Trader	NB # Mamata	—
GSJ Alkyonis	GSJ Philia (P)	—
J/3 A Victory	NB B Asha	—
—	NB K Bintieng	—
—	NB Dignity-1	—
—	NB Kaplat	—
—	J/9 Ramdas	—
—	NB R Goang	—
—	J/4 M Naree	—
—	NB Favore	—
—	NB Pavlina	—

DSE All Share Price Index



DSE Shares and Debentures

Company	FV/ML (Taka)	Closing Rate (Taka)
BANKS (12)		
Al-Baraka Bank	1000/1	810.00
A.B. Bank	100/5	185.00
City Bank	100/5	280.00
Eastern Bank	100/20	110.00
IDIC Ltd	10	