

Read

The Daily Star  
The Complete  
Newspaper

# The Daily Star BUSINESS

DHAKA THURSDAY, JULY 28, 1994

your friend in need  
**SHARIF  
UMBRELLA.**

## Poland keen to take part in mining of mineral resources

Poland has shown keen interest to participate in mining of mineral resources in Bangladesh.

The willingness was expressed by Polish minister for Industry and Trade Marek Pol when Energy and Mineral Resources Minister Dr Khandaker Mosharraf Hossain called on him at Warsaw yesterday, according to a message received here, reports UNB.

The Energy Minister, now on a week-long official visit to the European country, apprised the Polish minister of the prospects and possibilities of energy and mineral resources of Bangladesh.

He said Bangladesh is a delta landscape with unparalleled natural beauty and it has vast untapped natural and mineral

resources.

There is immense scope for Poland to invest in Bangladesh in the field of mining, as Poland is a very advanced country in mining industry," said the Bangladesh minister who is leading a four-member delegation.

An integrated coal mine with mine-mouth power plant may be a suitable project for Polish-Bangladesh cooperation in mining, he said and proposed that Khalaspir coal mine might be a starting point for future joint venture.

In this context, Dr Mosharraf referred to Barapukuria coal mine and said this project is being implemented with the financial and technical assistance of China.

Khalaspir coal mine in

Rangpur district with an estimated probable reserve of 635 million metric tons in an area of 12 square-kilometre of land was discovered by Geological Survey of Bangladesh (GSB) in 1989.

Outlining the prospect of limestone in Bangladesh, Dr Mosharraf said there is another prospective scope for Poland in extracting limestone, another valuable mineral.

Poland can provide financial and technical assistance in implementing Joypurhat limestone mine and cement complex for bilateral interests, he pointed out.

Joypurhat limestone, a ready project which is now awaiting implementation, has a deposit of 100 million metric tons of high quality limestone at an average depth of 535 metre covering an area of 6.7 square-kilometre.

### BKB recovers Tk 57.37 cr of loans in Barisal

BARISAL, July 27: Bangladesh Krishi Bank (BKB) of Barisal region has recovered Taka 57.37 crore as outstanding agriculture loan from the farmers of eleven southern districts under the region during the 1993-94 fiscal year, reports BSS.

The districts are: Barisal, Jhalakati, Bhola, Pirojpur, Patuakhali, Barguna, Faridpur, Rajbari, Madaripur, Gopalganj and Sharifpur.

According to an official source, the target of recovery was taken at Tk. 70 crore in the year.

The loan was disbursed for the cultivation of boro, aman, wheat, vegetables, pisciculture, purchase of oxen and milk cows, agriculture equipments, and self employments.

Of the total, 5.32 crore was recovered from Barisal district, Tk. 5.37 crore from Bhola, Tk. 6.47 crore from Pirojpur, Tk. 3.13 crore from Jhalakati, Tk. 6.15 crore from Patuakhali, Tk. 4.83 crore from Barguna, Tk. 7.61 crore from Faridpur, Tk. 3.75 crore from Gopalganj, Tk. 5.13 crore from Madaripur, Tk. 4.24 crore from Sharifpur and Tk. 5.37 crore from Rajbari districts.



A general view of the Bangladesh stand at the Import Fair Berlin 1994, held at the Berlin Exhibition Grounds from June 8 to 11.

\$ 1.3b bank swindle in India

## Rao firm to punish the guilty

NEW DELHI, July 27: Indian Prime Minister P V Narasimha Rao's government pledged Tuesday to punish those found guilty in a 1.3 billion-dollar bank swindle which shook the country's financial markets two years ago, reports AFP.

But the government disowned administrative responsibility for the fraud, describing it as "essentially a reflection of the weakness in the system which the government is in the process of correcting."

The government's defence was contained in an 80-page action taken report unveiled in Parliament Tuesday in response to the findings of a legislative probe which held the Congress (I) party administration responsible.

Several Indian and foreign banks have been accused of involvement in the scam in

which bank officials connived with stock brokers to siphon off 1.3 billion dollars in fraudulent securities transactions to play the stock market.

The scandal, allegedly masterminded by Bombay stock broker Harshad "Big Bull" Mehta, broke out in April 1992, wiping out a share price boom and casting a cloud over India's financial system.

Several brokers, including Mehta, and bankers went to jail or were sacked for involvement in the fraud, India's biggest financial scandal, which bankrupted thousands of investors.

The government is determined to ensure that all systemic weaknesses revealed in the scam are corrected and all persons found guilty are prosecuted and punished," the government said.

It said bank supervisory

mechanisms and stock market regulatory systems had been overhauled and safeguards would be introduced to prevent future wrongdoing.

Efforts are underway to trace the missing funds, but there is no evidence to show they have been funnelled overseas.

The Central Reserve Bank of India is trying to lay the blame on top management echelons.

The Parliamentary probe panel, in its report last year, blamed the finance ministry for failing to detect and check the scam in time, and also cited "liberalisation without adequate safeguards" as a catalyst.

The panel's report was in line with theories that the process of economic liberalisation begun in 1991 had encouraged unscrupulous

bankers and brokers to ignore the rules in order to make profits.

But such assessments have to be viewed against the backdrop of findings that improper securities transactions had been taking place as early as 1986, when liberalisation was still five years away, the government said.

Citibank, Bank of America, Standard Chartered Bank and ANZ Grindlays are among the banks accused of involvement in the scam, which led to a revamping of bank and stock market operations and prompted a special central bank audit.

The foreign banks' accounts are being studied every 12 months instead of two years. Their managements have been told to identify staff in regularities and punish those found guilty.

### Saudi prince buys stake in luxury hotel chain

SAN FRANCISCO, July 27: A Saudi prince who recently came to the rescue of the Euro Disney theme park announced Tuesday he had bought a stake in the prestigious Fairmont Hotel chain for an undisclosed sum, reports Reuter.

Prince Al-Waleed Bin Talal bin Abdulaziz, a member of the Saudi royal family, the Swig family of San Francisco, the current owners of the luxury Fairmont chain, announced they would "come 50-50 partners in a new hotel partnership.

The partnership will own and operate the flagship Fairmont Hotel in San Francisco and two other Fairmont hotels in New Orleans and Dallas.

The luxury San Francisco Fairmont, built in 1907, is one of the city's best-known landmarks and was where the United Nations charter was signed in 1945.

The five-star hotel served as the backdrop for the popular 1980s television series "Hotel."

The Fairmont Hotels in Chicago and San Jose, California, will continue under the ownership of the Swig family, but may be brought into the partnership in the future, both sides said.

"The partnership is about burnishing a gem — the Fairmont brand — by providing capital to enhance the high quality and value which Fairmont guests have come to enjoy," Prince Al-Waleed said in a statement.

"We may also wish to expand the Fairmont brand to additional cities in the United States and abroad," said Prince Al-Waleed, who becomes chairman of the group.

The Hang Seng Index, the market's key indicator of blue chips, rose 207.82 points, or

ABU DHABI, July 27: A Gulf official on Tuesday launched a rare attack on regional central banks, saying they were neglecting development by sticking to their old role of merely issuing notes and receiving government funds, reports AFP.

"Despite their weight in the banking system and high qualifications in supervising monetary and financial activities, the central banks in the Gulf Cooperation Council (GCC) are still concentrating on their traditional functions like issuing currency notes and acting as banks for the governments and the commercial banks," said Hassan al-Numan, Chairman of the United Arab Emirates (UAE) Chambers Federation.

The central banks, like those in advanced countries, should transcend their traditional roles by contributing to

expanding the development activities of the commercial banks through the mobilisation of the frozen resources of the private sector and drawing up mechanisms for their utilisation," he said.

GCC banks have often come under fire for devoting their financing operations to non-productive sectors such as trade, construction and services for more profits.

But this is the first time that central banks are directly held responsible for negligence of the industrial and agricultural sectors.

The central banks have been involved in measures to reform their banking sector to ensure all units meet international standards in terms of capital adequacy, the ratio between shareholders' equities and assets.

The measures, following adequacy rules by the bank for international settlements, include incentives for merging banks, stronger supervision by monetary authorities, curbs on lending and instructions to raise capital.

The central banks, however, have not interfered in banking operations apart from urging banks from time to time to give attention to productive fields.

Human gave no figures but official statistics showed loans to trade and construction accounted for more than half the 24.5 billion dollars extended by Saudi Arabia's 12 commercial banks in credits in 1992.

In the UAE, the two sectors received nearly 60 per cent of the 10.8 billion dollars provided by the country's 19 national banks and 28 foreign units.

## Asian stocks close mixed

HONG KONG, July 27: Asian stock markets closed generally mixed Wednesday, with share prices falling in Tokyo, reports AP.

AP

TOKYO's 225-issue Nikkei Stock Average closed at 20,137.23, down 208.14 points, or 1.02 per cent. On Tuesday, the index had gained 47.71 points to 20,345.37.

Tokyo stocks fell sharply as foreign and Japanese corporate investors reacting to the Japanese yen's resumed climb against the US dollar, sold heavily to take profits.

In Hong Kong, share prices closed generally higher for the fourth straight session, with the key index breaking

the 2,784.6

TYPEI: Taiwan share prices opened high but spent the rest of the session fluctuating in negative territory on heavy profit-taking. The weighted price index closed down 65.88 points at 6,661.34 points.

MANILA: Share prices closed higher in active trading. The Philippines' unified composite index of 31 selected issues rose 56.07 points to 2,784.6.

SYDNEY: Australian share prices closed little changed. The All Ordinaries index of share prices rose 0.4 point to

2,041.7

SEOUL: Share prices closed lower because of investors' continued concerns about tightened liquidity and weakened buying power. The Korea Composite Stock Price Index dropped 0.98 points to 934.22.

SINGAPORE: Share prices closed lower in mixed dealings. The 30-share Straits Times Industrial Index fell 4.65 points to 2,201.39.

KUALA LUMPUR: Malaysian share prices closed higher, led by blue-chip buying by local institutional and foreign investors. The Composite Index, biased toward blue chips, edged up 11.88 points to 1,020.19.

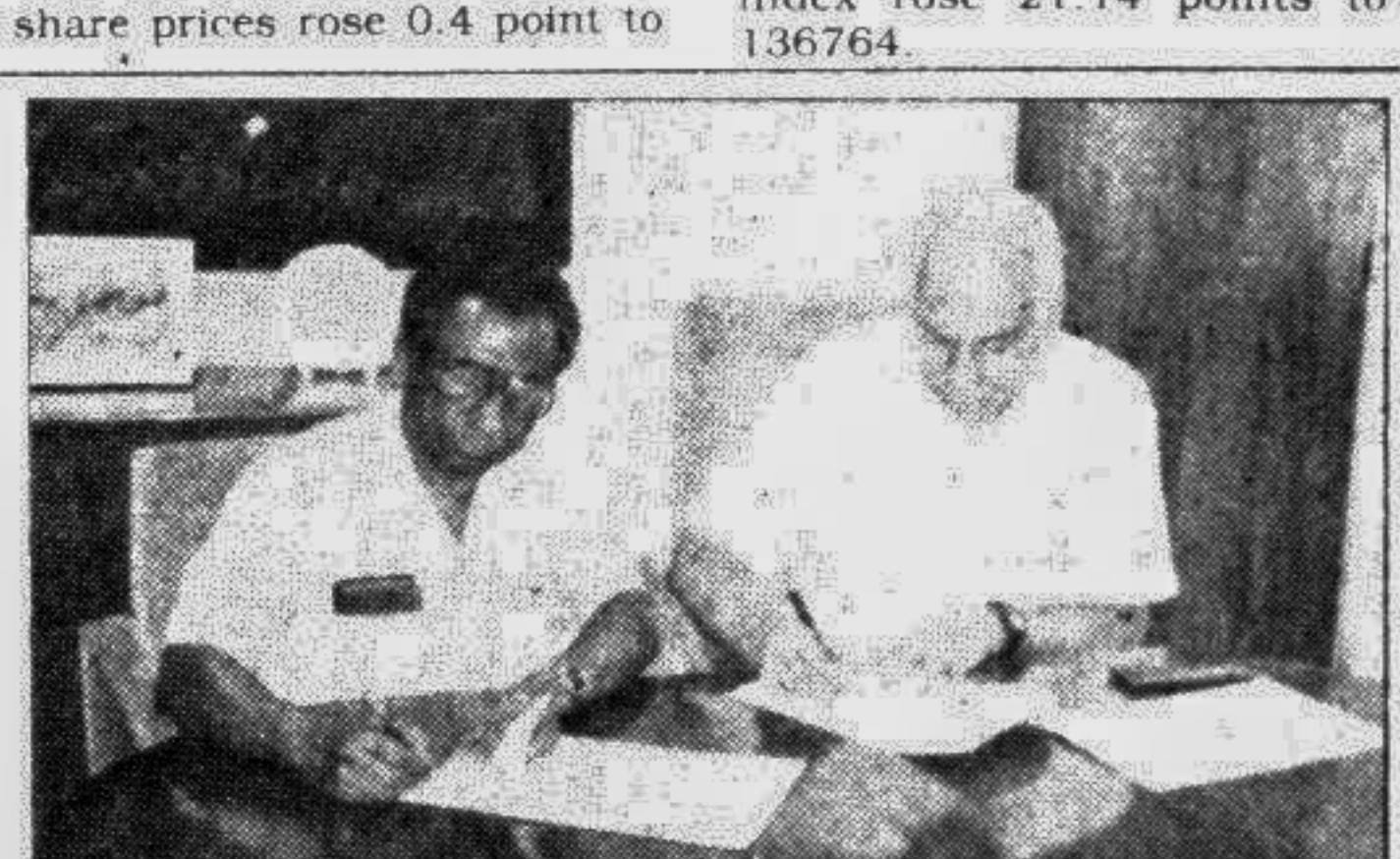
BANGKOK: Thai stock prices closed higher. The Stock Exchange of Thailand index rose 21.14 points to 1,367.64.

### BOL, Renata sign accord

Bangladesh Oxygen Limited has recently signed an agreement of sales contracts with the Bangladesh Bank for export of jute goods from Bangladesh has been withdrawn with effect from July 10, according to a press release of Bangladesh Bank in the city on Tuesday, reports BSS.

Cannulas and catheters have vital applications in infusion therapy, critical care and customer comfort.

Ohmeda, a part of the BOC Group, is the leading manufacturer in the world of high quality infusion therapy products.



Abul Hasan Khan, Managing Director of BOL, and S H Nabi, Managing Director of Renata, seen signing the agreement in the city recently.

IMF suggests more reforms in Indian economy

WASHINGTON, July 27: The International Monetary Fund has expressed concern over several aspects of India's economic performance and has called for accelerated reforms even while welcoming the "impressive progress" made by India in certain other sectors like the balance of payment situation, reports PTI.

In the IMF annual report presented by its executive board, the fund "strongly recommended accelerated liberalisation of the trade and exchange system, noting that the strength of the balance of payments offered an excellent opportunity for rapid liberalisation."

## Bank of England celebrates 300th birthday with more authority

LONDON, July 27: The Bank of England celebrates its 300th birthday today with more authority than at any time since nationalisation in 1946, reports Reuter.

Academics, economists and former chancellors have lined up over the past year to call for the bank to be given control over British monetary policy in order to defeat inflation.

However, the present government has given the bank control over the timing of interest rate moves and enlarged its powers in other ways but it draws the line there on democratic grounds.

The bank is already very powerful, and it is largely unaccountable through the democratic process," John Maples, former treasury minister and now Deputy Chairman of the ruling Conservative Party, said in a recent newspaper article.

Periodic evidence to select committee is not adequate

democratic accountability."

A parliamentary committee recommended last December that the government should agree a price stability target with the Bank of England, which should then be given authority over monetary policy in order to pursue the agreed goals.

But the government opposed a bill aimed at pushing monetary arrangements in that direction at the beginning of this year.

Interest rate moves and enlarged its powers in other ways but it draws the line there on democratic grounds.

The bank is already very powerful, and it is largely unaccountable through the democratic process," John Maples, former treasury minister and now Deputy Chairman of the ruling Conservative Party, said in a recent newspaper article.

Periodic evidence to select committee is not adequate

democratic accountability."

The developments could shake the confidence of millions of Russians in the country's fledgling market economy. MMM claims to have 10 million shareholders.

MMM has sought to turn the financial crisis into a political one. It took out full-page advertisements in several newspapers Wednesday, blaming the government for its problems.

MMM's shadowy president, Sergei Mavrodi, has said in re-

cent days that his company's failure could provoke a revolution or civil war by angered shareholders.

A spokesman for President Boris Yeltsin, who has singled MMM out for criticism, told The Associated Press he would not get involved in the MMM crisis. Yeltsin left Wednesday on a trip to eastern Siberia.

The government hasn't offered any guarantees to MMM shareholders," spokesman Anatoly Kraskov said. "Just the opposite: It has been warning them of the risks they were running.

"Such things can happen in a market economy," he added. "Of course, the government must protect people, but it's not the government's business to settle their affairs for them."

For many investors, the stakes were high: They gave MMM their life savings, their pensions and salaries.

The company in turn paid high returns, with share prices skyrocketing from 1,600 rubles in February to more than 100,000 rubles this month (from about one dollar in February to more than 50 dollar at the current exchange rate).

Analysts say MMM and other high flying investment funds and banks have been able to promise hefty profits by running classic pyramid schemes that eventually will collapse.

MMM shares on Wednesday dropped to 40,000 rubles (20 dollar) after trading for 60,000 rubles on Tuesday. The com-

pany refused to redeem them at all but one of its offices. Few were able to leave with their money.

"Obviously, the panic selling has started, and it may entail the company's collapse," said Marianna Astakhova, chief analyst for the exchange. "It's difficult to predict the impact on the securities market as a whole, but they may be disastrous."

The panic selling began late last week when the government warned investors that it could not guarantee the money they had invested in MMM or other investment firms.

"This is a catastrophe," 25-year-old investor Anna Chernova told the English-language Moscow Times.

At Moscow's Raw Materials and Commodities Exchange on Wednesday, about 5,000 people gathered, with authorities

limiting the number actually allowed inside the building because of the huge crowd.

"Obviously, the panic selling has started, and it may