

## HBFC takes up Tk 500 cr credit programme for '94-'95 fiscal

Bangladesh House Building Finance Corporation (HBFC) has taken up a Tk 500 crore programme for the current fiscal year (1994-95) to meet the fast growing housing demand in big cities and towns, reports UNB.

The state-owned financial institution disclosed its ambitious credit programme at its annual conference (1994) at the NEC (National Economic Council) auditorium yesterday. Inaugurating the two-day conference, Finance Minister Saffur Rahman said the government, pledge-bound to ensure minimum housing needs for the people, is ready to provide more money to the housing sector.

HBFC, the country's lone credit agency for housing sec-

tor, was turned virtually moribund in the late eighties but activated after the present government took over. While the institution totally stopped disbursement in 1989, it released Tk 182 crore in fiscal 1993-94.

Borrowers were facilitated with various reliefs, including lower interest rates and expanded repayment period which, according to HBFC, has helped improve the recovery situation.

The corporation realised only Tk 54 crore from the borrowers in 1987-88, whereas the recovery figure shot up to Tk 105 crore last fiscal year.

While pledging more allocation to the housing sector, the Finance Minister said the government would, henceforth,

encourage "multi-storied housing ownership" having smaller type apartment.

"We have to move vertically in view of the growing demand but squeezing availability of land," he said asking HBFC to discourage construction of big houses.

Economic use of land has been a common practice in the world's populous cities, he pointed out referring to cities like Singapore and Tokyo where even the well-to-do families live in small flats with space ranging from 600-800 sq ft.

Turning to the credit realisation, Rahman expressed concern at the poor repayment rates in Rajshahi (10.93 per cent), Mymensingh (8.41 per cent) and Khulna (8.13 per

cent). He warned unless the performance is significantly improved, branches in those cities would be abolished.

He pledged further incentives to good borrowers.

Addressing the conference, Finance Secretary Nasimuddin Ahmed stressed the urgency of ensuring the quality of construction which, he said, is far from satisfactory in general.

He suggested HBFC to initiate harmonising its activities with those of the land development agencies to contain haphazardly expanding capital city affecting environment.

Speaking of the last year's performance of HBFC, its Managing Director, Sohel Ahmed expressed the desire to encourage construction of flats instead of one-unit houses in future.



Lottery — a fortune-making new trade for Yunus, a jobless youth, who risks his luck absolutely on it. This young man never misses any lottery so to say. A one Taka ticket usually brings him chocolate to wall clock. His earning ranges from Taka 80 to 100 everyday out of this tricky deal at the side of Kawran Bazar rail line. — Star photo

## HBFC plans to help fixed income service holders buy flats

House Building Finance Corporation (HBFC) plans to provide loans to fixed income service holders against their savings to buy small flats, reports UNB.

Employees of government, semi-government, autonomous and private organisations will get the loan under the planned scheme, according to the chief executive of the state-owned corporation.

The aspiring loanees will have to deposit 20-25 per cent of their basic salary and of provident fund to the corporation for about 15-20 years.

HBFC will then provide the depositors with credit twice the amount of their savings to buy flats, its Managing Director Sohel Ahmed told the corporation's annual conference in the city yesterday.

The aggregate savings, including interest, of an employee having a basic salary of Tk 5,000 could be around Tk 4.40 lakh if he or she deposits 15 per cent of his salary for 15 years.

With HBFC paying double of the amount as credit, Ali said, the employee would be able to buy a small flat.

The corporation expects that the programme would receive good response from the fixed income service holders.

## Jordan keen to promote trade with West Bank

AMMAN, Aug 11: Israeli-Jordanian talks on trade and banking in the occupied territories will not change relations between Amman and the PLO, a Jordanian spokesman pledged yesterday, reports AFP.

Marwan Muasher, spokesman for the Jordanian delegation to the talks, said they "will not affect coordination" between Jordan and the Palestine Liberation Organisation.

## BCI demands revival of Sick Industries Cell

Bangladesh Chamber of Industries (BCI) yesterday demanded the rehabilitation of "sick industries" on a priority basis through providing of necessary financial assistance to those units, reports BSS.

The Chamber of Industries also demanded scrapping of the Commercial Court Law, 1990 (Amended in 1993) and ensuring of justice on the basis of equal rights.

Announcing a package of recommendations for reactivating and rejuvenating of sick industries at a press conference, The BCI President A M Subid Ali called for removal of existing disparity between the public and private sectors and extending equal facilities to both the sectors.

The BCI suggested fixation of interest at the rate of only five per cent on all types of industrial loans and bringing necessary changes in the banking and financial institutions to meet the present requirement. It also demanded revival of

the "Sick Industries Cell" till the formation of "Sick Industries Rehabilitation Board" with a Supreme Court judge as its head and at the same time treating of all decisions taken by the board as government orders.

Ali said one of the major objectives of the industrial policy, 1991 was to create opportunities for rehabilitation and rejuvenation of sick industries and recalled the formation of sick industries cell with the Secretary of the Ministry of Industries as its convener.

Referring to the earmarking of Taka 100 crore for rehabilitation of sick industries in the budget for financial year 1991-92 the BCI president said the amount was yet to be utilised. In this connection, he mentioned the recommendations made by the selection committee of the cell for raising the allocation to the tune of Taka 500 crore.

The BCI president said the cell which functioned till

August 7, 1992 had identified 1,556 units as sick industries. He said the cell also determined some 30 factors as the reasons behind their sickness.

Lack of timely decision by the financial institutions and non-availability of running capital were identified as the main factors of sickness, he said.

Ali referred to the 30-point recommendations of the cell for reactivating and rejuvenating the sick industries. He regretted that "board for industrial and financial restructuring" recommended by the cell, was yet to be formed.

The BCI president said the total amount of investment by the sick industries stood at Taka 1,920 crore and the total amount of unpaid loans of those units was Taka 1,239 crore.

Ali held that rehabilitation of those 1,556 units would be possible through extending necessary financial and other assistance.

## British Airways to resume flights to Beirut Dec 5

LONDON, Aug 11: British Airways said yesterday it will resume flights to Beirut on December 5 for the first time in 11 years, reports Reuter.

Flights to Amman in Jordan, which were stopped in March 1990 during the recession, will begin on the same day.

British Airways suspended its service to the Lebanese capital in 1983 during the Middle East conflict, but after three years of stability the airline said it was time to restart.

"In the three years since peace, Lebanon's economy has begun to grow again, and Jordan too is seeking the economic benefits of peace. We are glad now to be able to implement our long standing plans to return to Beirut and Amman," said the airline's group managing director Robert Ayling.

The airline said the twice-weekly Beirut service will increase to four flights a week from next summer.

## More flexibility in banking sector suggested

Speakers at a seminar yesterday stressed the need for restoring the financial strength of banking institutions and introducing more flexibility to revive the banking sector's due role, reports UNB.

The seminar on "the Privatisation of Commercial Banks in Bangladesh" was organised by Centre for Development Research, Bangladesh (CDRB) with Dr Mizanur Rahman Shelly in the chair.

The commercial banks should establish a system whereby the performance of managers is monitored and evaluated against targets, and rewards and penalties be given accordingly to private staffs.

Credit criteria for lending should be strengthened with more emphasis placed on a borrower's creditworthiness than on his collateral.

Dr M Kabirul Hassan, assistant professor of the Department of Economic and

Finance, University of New Orleans, USA, presented a keynote paper at the seminar.

Former Secretary Salahuddin Ahmed, General Manager of Pubali Bank M Alimuzzaman, Prof Ehetesam Chowdhury, Dr Sayed Anwar Hossain and Shamim Ahmed took part in the discussion.

Dr Kabirul Hassan in his paper said there is a strong need to continue to strengthen Bangladesh Bank as it would otherwise not be capable of supervising an expanding and increasingly liberalised financial system.

Dr Hassan pointed out that the financial sector in Bangladesh has the potential to contribute to economic and industrial growth by enhancing resource mobilisation and improving resource allocation.

Four nationalised commercial banks dominate the banking system with 63 per cent of bank deposits and 53 per cent of advances in 1993. These

banks have lost market share between 1986 and 1993, in deposits from 69 per cent to 53 per cent, advances from 56 per cent to 53 per cent, Dr Hassan said.

Former Secretary Dr Salahuddin Ahmed criticised more involvement of retired army personnel in the board of governors of Bangladesh Bank and said this will not yield much efficiency in banking system.

General Manager of Pubali Bank M Alimuzzaman said private bank owners thought themselves of being owners of industries, an attitude they must change for improving the efficiency of their banks.

In his presidential address, Dr Mizanur Rahman Shelly said the privatisation process in Bangladesh economy would succeed only if both the parties, the government and the private sector, played their appropriate roles with sincerity.

## Greenspan talks tough about inflation

WASHINGTON, Aug 11: Less than a week before a crucial Federal Reserve meeting, Chairman Alan Greenspan talked tough Wednesday about inflation. He said nothing to dispel economists' belief the central bank is preparing to raise interest rates, reports AP.

Reading between the lines, he is giving a strong hint he is on the verge of more tightening," said David Jones of Aubrey G. Lanston Co. of New York.

Although Greenspan's testimony focused on long-term issues, he also laid out a rationale for increasing interest rates even before any worsening in inflation is seen.

"By the time we see that final goods prices are beginning to accelerate, that's the result of policies put in place a year ago," he told the House Government Operations subcommittee on monetary affairs.

"We have no alternative but to be forward-looking. The policies we are making today are really more relevant for 1995 than they are for 1994," he said.

In a closely followed survey, 50 top private economists on Wednesday forecast inflation this year at 2.7 per cent, the same as last year.

But, Greenspan said, "By the time that aggregate price in-

dexes reveal the inflation is on the upswing, many imbalances that are costly to rectify have developed already."

The private analysts surveyed by Blue Chip Economic Indicators of Sedona, Ariz, predicted prices would rise 3.2 per cent next year.

The Fed has sought to prevent inflation from accelerating by slowing economic growth with increases in short-term interest rates totaling 1.25 percentage points between February and May.

Some Democrats in Congress have criticized the moves as premature, but financial market traders and economists in recent weeks have widely come to expect several more increases this year.

## US tops list of foreign collaboration in India

NEW DELHI, Aug 11: Out of 1478 foreign collaborations approved by the Indian government and reserve bank during 1993, the United States has obtained the maximum of 193, according to a study undertaken by Punjab, Haryana and Delhi Chamber of Commerce and Industry available here, reports Xinhua.

year.

Labour Department inflation reports due out this week probably will give Fed policy makers the last bit of evidence they need to justify raising short-term interest rates by a quarter of a percentage point at their next meeting on Tuesday.

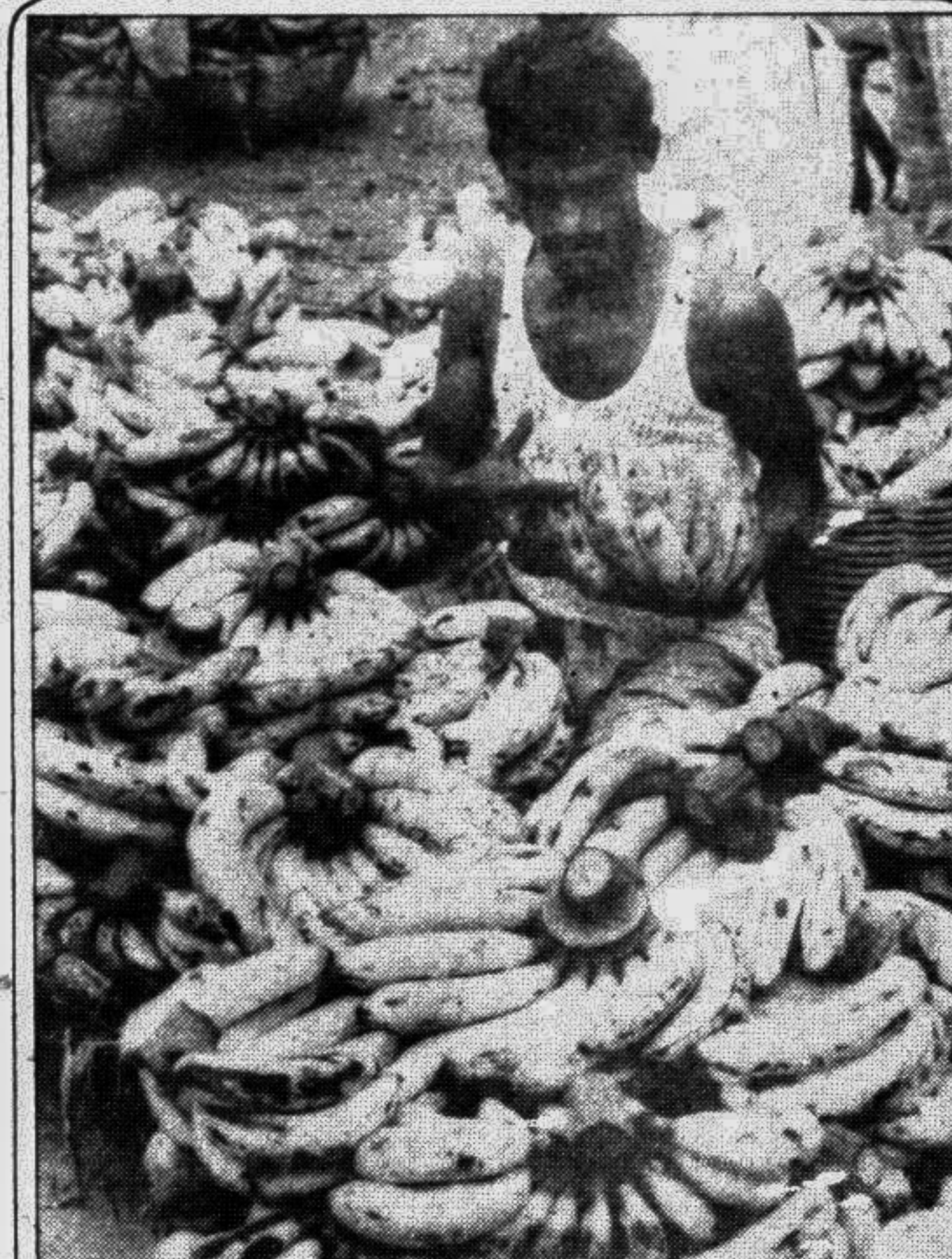
Economists expect the reports will show 0.4 per cent increases in both wholesale and consumer prices in July, which translate into about 5 per cent at an annual rate, said economist Robert Dederick of The Northern Trust Co. in Chicago.

"That will give them the support they need for the pre-emptive actions they are seeking," Dederick said.

Greenspan acknowledged to subcommittee members that dampening inflation may restrain employment growth in the short run but said the central bank's primary objective nevertheless is price stability.

In the long run, the increased economic efficiency fostered by low inflation will foster greater job growth, he said.

"Our view is that as we move toward price stability, this sets 'in motion forces which enhance all other aspects of the economy,'" he said.



City markets are over-flooded with the supply of thick-skinned tropical fruit called 'banana' apparently being out of reach of low-paid class having been sold at Taka 30 to 35 or even more per dozen everyday. — Star photo

## US business leaders want to visit DPRK

SEOUL, Aug 11: The American Chamber of Commerce here is pushing to visit North Korea to pursue possible business ties with the closed communist country, the chamber's president said Wednesday, reports AP.

The proposal came as US and North Korean negotiators ironed out a deal in Geneva that could include Western economic aid in exchange for clearing suspicions that the communist country is developing nuclear weapons.

The proposal, if adopted and put through, will mark the first time a US business delegation has visited the North. The United States and North Korea, enemies in the 1950-53 Korean War, have no formal diplomatic relations.

James Riddle, president of the American Chamber of Commerce in Seoul, said in a telephone interview with the Associated Press that his group is "interested in conducting a trade mission to visit Pyongyang."

Riddle said he and a number of other Chamber members are pushing for a week-long tour of the North Korean factories and talks with business leaders there.

The purpose of the trip would be to determine the feasibility of investment and trade, he said.

The date of the visit has not been set, and Riddle said he has not received permission from North Korean or US authorities.

Currently, no US companies are allowed to conduct business in North Korea.

North Korea denies making nuclear weapons, but has rebuffed attempts by the world's nuclear watchdog agency to fully inspect its nuclear plants for 17 months. The CIA has said the North believed to have enough plutonium to make at least one bomb.

The North's economy has been deteriorating for the past three years, after the loss of economic support with the fall of communist allies in eastern Europe.

## UK's interest rates likely to rise

LONDON, Aug 11: Chancellor of the Exchequer Kenneth Clarke and the Governor of the Bank of England Eddie George agreed in July that interest rates would have to rise "sooner or later," minutes of the meeting published Wednesday showed, reports AFP.

South Korea has been trying to lure North Korea into giving up its suspicious nuclear programme by offering economic help through investments and joint ventures.

## Sales to new 11 markets may be promoted

Another report from Washington says: By the year 2010, US sales to 11 new markets could be greater than sales to Japan and Europe combined, a top US trade official told members of Congress Wednesday.

Lauri J Fitz-Pegado, an Assistant Secretary of Commerce and Director of the US and Foreign Commercial Service, said that her department is setting up commercial centres to promote American exports to China, Brazil and Indonesia.

She also listed among major potential importers South Korea, India, Argentina, Brazil, Mexico, Poland, Turkey and South Africa.

Focus is being shifted to these from some more traditional markets, without neglecting Japan and western Europe, Fitz-Pegado told the subcommittee on economic policy of the Foreign Affairs Committee in the House of Representatives.

## SB employees urged to expedite services

State Minister for Textiles Major (rtd) Abdul Mannan has called upon all concerned to come forward with dedication for socio-economic development of the country as well as to serve the people by discharging their assigned duties in the respective field, reports UNB.

He was speaking as chief guest at the installation ceremony of greater Noakhali Sonali Bank Welfare Association at the auditorium of Engineers Institution Wednesday.

He said the present democratic government believed in the politics of peace, progress and development. He said government has taken a massive uplift programme throughout the country for eliminating the poverty.

He urged upon the officers, employees and workers of Sonali Bank to take active part in nation-building activities side by side in discharging their assigned duties, said an official handout.

He also called upon the members of Sonali Bank Welfare Association to expedite the activities of the bank branches so that people could get quick and smooth service from them.

Presided over by M Serajul Haque, president of the association, the function was also addressed by Barkatullah Bhulu MP, Ziaul Haq Zia MP, Kazi Abdus Sattar, General Manager of the head office of the bank, Mahmudullah Chowdhury, general secretary, Sonali Bank central employees union and Taj-e-Islam, general secretary of the association.

## WB announces new policy to enhance women's role in development

WASHINGTON, Aug 11: The World Bank has announced a new policy aimed at enhancing women's participation in economic development, says a USIS press release.

The policy paper, "Enhancing Women's Participation in Economic Development," released yesterday, says "investing in women is central to sustainable development" and attention to gender issues will now become an important part of the bank's strategy to reduce poverty.

The report says that women are generally disadvantaged, especially in poor households, where they often shoulder more of the work load than men and have less education and less access to remunerative activities.

The report points out that women make up 40 per cent of the world's agricultural

workers, 25 per cent of industrial workers and 33 per cent of service workers. It adds that women farmers in developing countries grow at least 50 per cent of the world's food and that in some African countries they grow as much as 80 per cent of the food produced there.

The report recommends a series of measures to tap the potential of women in developing countries. These include an expansion of girls' enrollment in schools, improvement in health facilities for women, an increase in the participation of women in the formal sectors of the labour force, greater access to credit for women and an increase in the options for women in agriculture.

The report suggests a gender-based development strategy that takes into account the

relative roles and responsibilities of women and men, and recognizes that "to realize long-term change in the conditions of women, the actions and attitudes of men must change."

The new bank policy calls for attention to gender issues in all country assistance strategies, including the design and implementation of lending programmes. The strategy will be country specific and the bank will need to assess the cultural norms and deep-seated traditions of each country, the report adds.

The report says the bank is ready to provide assistance to governments of developing countries in four areas: (1) to develop gender-sensitive policies and programmes; (2) to modify the legal and regulatory framework; (3) to ensure the

effectiveness of the programmes; and (4) to strengthen the data base for gender analysis.

The report highlights the "gaps" between males and females in education, employment opportunities, access to credit and health facilities. Stressing the education of females in particular, the report says "educated mothers worldwide and better able to prepare their children for school and, later, for participation in technical and industrial sectors."

It notes that in developing countries — for example, Colombia, Ghana and Thailand — children of educated mothers perform better on preschool tests. Another study found that mothers' schooling was a significant determinant of children's schooling in Indonesia and the Philippines.

## MMM scandal Bid to play down media

MOSCOW, Aug 11: Russian authorities attempted yesterday to play down media and public hysteria in the wake of the failure of the MMM investment company, reports AFP.

Shareholders in the company are demanding the release of MMM Chairman Sergei Mavrodi. The shareholders have formed a "union" and say they will take their protest nationwide.

Mavrodi was arrested five days ago on suspicion of tax fraud by an MMM subsidiary. Invest consulting. Trading in MMM was suspended at the same time.

MMM itself defeated its shares to less than a hundredth of their earlier value last week when it was unable to meet demands for refunds from investors panicked by a government warning on MM's activities.

Thousands of Russians

stand to lose fortunes in the fiasco.

The key investigating magistrate in the MMM affair, Andrei Stepanov, said at a press conference Wednesday this was just "a run-of-the-mill inquiry into a firm which had not paid its taxes."

Stepanov was one of 10 investigating officials taking part in the Russian authorities' first press conference since Mavrodi's arrest. Also present were representatives from the public prosecutor's office, the police and the taxation department.

Mavrodi will remain in custody until August 16 when a decision must be made on whether to continue formal legal proceedings against him.

The MMM boss, who celebrates his 39th birthday Thursday, has been a difficult prisoner, refusing to eat prison food as he does not like it, official sources said.