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Favourable investment climate prevails in country: Saifur

Finance Minister M Saifur Rahman said here yesterday that a congenial investment climate existed in Bangladesh with favourable factors of production, reports BSS.

Giving a lecture on trade policies at North South University, the Finance Minister described the scope for rapid growth in the export oriented industrial sector in the country as unlimited.

"Our export oriented industries like the garments, ceramic and leather sectors have been competing in the international market with sound footings", he said.

In an hour-long deliberations, the Finance Minister dwelt on different aspects of the economy and the trade policy and said that the present government had effected comprehensive economic reforms and evolved sound macroeconomic policies for sustainable growth.

The Finance Minister said that the reform policies had created confidence among the foreign entrepreneurs for investment in the country's private sector. The govern-

ment, he added, opened up most areas including the telecommunications, sector for foreign investment.

Referring to slow response from the investors, he, however, stressed carrying out reforms in the labour sector, and legal aspects. He underlined the importance of maintaining sustainable stability in the non economic areas like political, social and law and order factors.

Dwelling of different aspects of foreign investment, the Finance Minister, who is also the Chairman of Board of Governors of the IMF and the World Bank, suggested that the best way to drive in capital and technology in the country for rapid industrialisation was to allow the trans national corporations instead of bringing consultants as advised by the World Bank.

The Finance Minister said as a result of pragmatic measures taken by the government, the high inflationary trend in the economy had successfully been curbed. High inflation reduces purchasing ca-

pacity of the people, erode savings and affects the overall growth in any economy, he added.

He referred to the achievement of self sufficiency in foodgrains production through massive reforms in the agriculture sector. Now we shall have to pursue crop diversification programme in the agriculture sector particularly in cereals, oil seeds and pulses.

The said that the government had made the Bangladesh currency convertible creating confidence among other investors. The capital account costs will also be made convertible, he said.

Defending the withdrawal of protections for local industries, the finance minister said excessive protectionism in the past taxed heavily on the consumers.

He said that the government had eliminated licensing system and all kinds of restrictions to stop unnecessary taxation on the consumers and rent seeking activities in the faculties. Dr Salauddin Ahmed introduced the Finance Minister to the students.

The Finance Minister said good governance with accountability and transparency was needed for development as well as industrialisation. He pleaded for further reforms in the machinery of the government, corporations and banking sector to ensure positive bureaucratic responses towards development aspirations.

About free market, he said it does not allow free style in the economy but to act within the parameters of free policies and not to deceive the people.

Replies to a question, the Finance Minister said Bangladeshi consumer goods like leather, ceramics and garments could better compete in the Indian market provided the Indian authority reduces its tariff rates.

Earlier on arrival at the University campus, the Finance Minister was received by the President of North South University, Musleminuddin Ahmed and senior members of the faculties. Dr Salauddin Ahmed introduced the Finance Minister to the students.

Commerce Minister M Shamsul Islam will inaugurate the branch operations at the DEPZ. British High Commissioner to Bangladesh Peter J. Fowler CMG will attend the function as special guest.

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Standard Chartered Bank has already applied to Bangladesh Bank for tax-free operation of its offshore branch.

Minister of State for Finance M V Chandrashekhar Murthy also told the house today in a written reply that till June this year the country spent 22.873 billion rupees (726 million dollars) on debt servicing including repayment of principal and payment of interest.

During the first three months of this fiscal year (April 1, 1993 to March 31, 1994), India received foreign loans of 11.6567 billion rupees, equivalent to 370 million dollars.

Chandrashekhar said that India's foreign exchange reserves had amounted to 21.67 billion dollars at the end of July this year. A larger part of the reserves is foreign loans.

During 1991-92 fiscal year

SCB's Offshore Banking branch operates from Tuesday

Standard Chartered Bank's Trade Finance and Offshore Banking branch will go into operation from August 16 (Tuesday) in the Dhaka Export Processing Zone at Savar, reports UNB.

The offshore banking, first of its kind in the country, will facilitate the exporters, including the foreign direct investors in Bangladesh, on a priority basis.

To address the special requirements of the exporters and their trade related problems is the other objective of the offshore bank branch. It will also lend credit to the manufacturers in the export processing zones.

Local banks, which deposit their surplus outside the country, now be able to deposit in the country, and the offshore bank will shoulder all the liabilities. The branch will maintain separate book of accounts in foreign currency.

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Dr Antonio Loche (R), Secretary-General, Italian Institute for Asia, met Latifur Rahman (C), President and Azimur Rahman (L), Vice-President of Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka yesterday.

India spends \$ 13.03b for debt servicing on accounts

NEW DELHI, Aug 13: India spent 95.52 billion rupees (13.03 billion US dollars) for debt servicing on government and non-government accounts during the fiscal year 1993-94 while it received foreign loans worth 108.954 billion rupees (3.459 billion dollars), reports Xinhua.

The government received loans of 101.02 billion rupees (3.21 billion dollars) in 1992-93 fiscal year, the minister added.

New Delhi may attend Casablanca conference

A PTI report says: India will be invited to participate in a conference on the economic development in West Asia to be hosted by Morocco in Casablanca from October 30.

The invitation from the King of Morocco, King Hussein the Second, seeking Indian participation, will be formally extended when his special envoy arrives here on a four-day visit from August 15. The special envoy, Mehdi Zentar will have over the royal invitation when he calls on the Prime Minister P V Narasimha Rao.

During 1991-92 fiscal year

being held in the context of the on-going West Asia peace conference.

India has been participating in the multi-lateral part of the West Asia peace process as one of the non-regional participants.

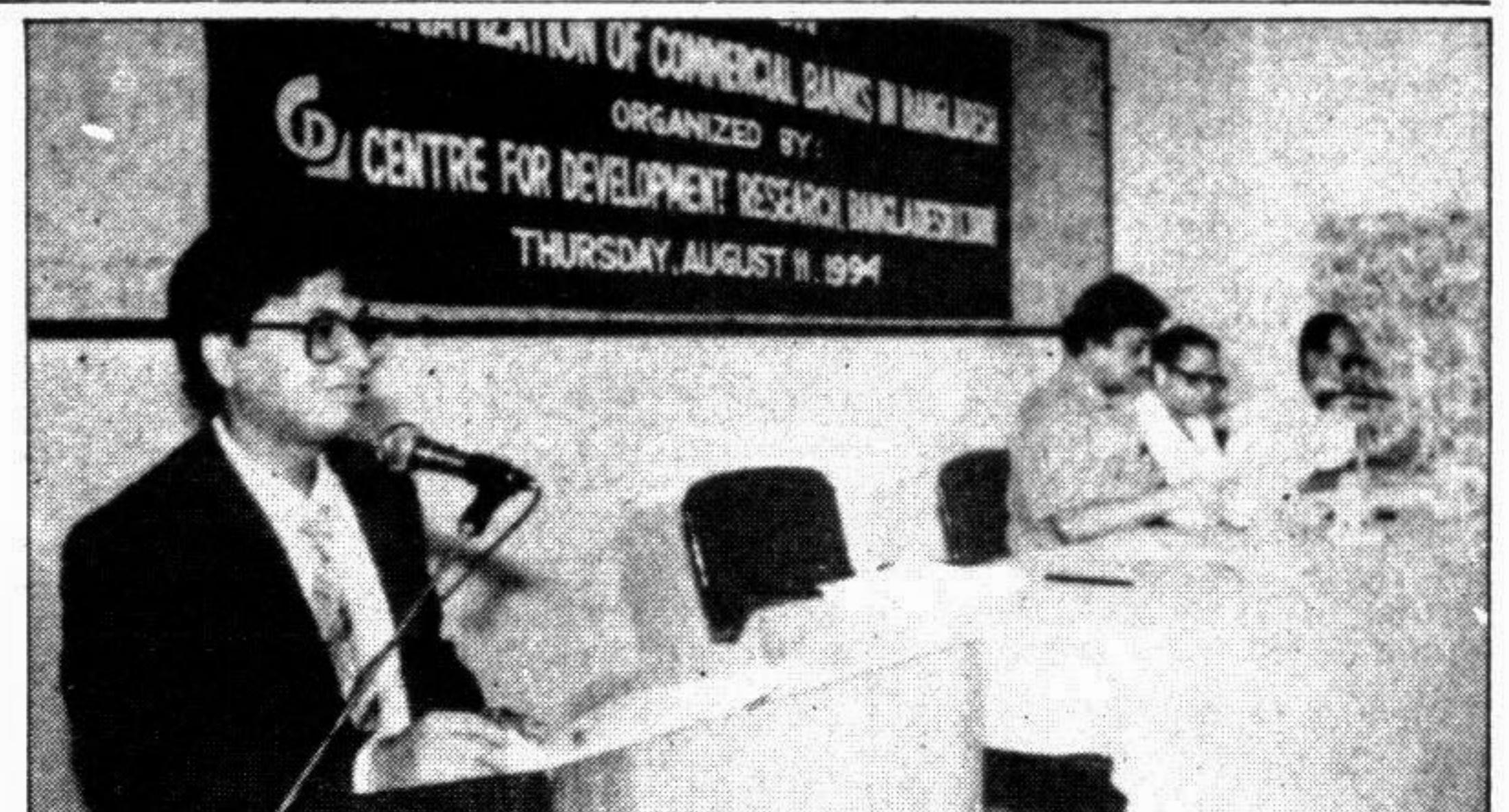
Besides calling on the Vice-President, K R Narayanan and Rao, the Moroccan Special Envoy will have a meeting with the Minister of State for External Affairs, R L Bhatia.

Indo-South African jt commission soon

Another report adds: India and South Africa will launch their first ever joint commission during the visit of the latter's Deputy Foreign Minister Aziz Parhad shortly.

The agreement for setting up the commission is expected to concretise the Indo-South African economic cooperation.

A three member team of Indian officials which had recently visited South Africa for foreign office consultations discussed the draft of the agreement with their counterparts.



Dr M Kabir Hasan, Senior Research Fellow of the American Institute of Bangladesh Studies (AIBS), presenting his paper at a seminar on 'The Privatization of Commercial Banks in Bangladesh' organised by the Centre for Development Research, Bangladesh (CDRB) on Thursday, Aug 11, 1994. Dr Mizanur Rahman Shelley (3rd-R) Chairman, CDRB, Professor Syed Anwar Hussain (2nd-R), Director CDRB and Mohammad Enayet Karim (1st-R), Executive Director, CDRB also seen in the photograph.

Italian PM seems perfectly in line to control economy

ROME, Aug 13: Prime Minister Silvio Berlusconi faced a crisis of confidence in his government today after edgy investors took flight at squabbling within the fraying coalition and dumped lira assets.

In a last ditch attempt to shore up a currency which has been battered by weeks of political fighting, The Bank of Italy raised its key discount rate on Thursday to 7.5 per cent from seven per cent.

The move increased pressure on Berlusconi to show he is in charge of a strong unified coalition that is capable of taking tough decisions to control the economy.

Financial markets read the rate rise as a sign of panic and drove the lira down to historic lows against the German mark a further slap in the face for Berlusconi, whose political ascendancy seemed unstoppable just a month ago.

By the close of trading in Europe, the currency stood at 1,016.50 to the mark a loss of 10 lire on the day.

The lira is a staggering 35 per cent down in value since the last big crisis of confidence in Italy which led to the currency's stunning devaluation in September 1992.

Government ministers said the latest crisis highlighted an urgent need for Berlusconi to

unit his coalition, which has been undermined by squabbling since it was installed in May after a strong election victory in March.

We will not be able to

confront the future without a coherence within the

Parliamentary majority, said Labour Minister Clemente Mastella.

Pierferdinando Casini,

leader of the small Christian Democratic Centre (CCD)

which is part of Berlusconi's coalition, called on the government to prove its worth.

The increase in the discount rate is an alarm bell

which shows how late we are

in the economic field," Casini told reporters. "It is now time for the executive to do its bit."

Casini had earlier raised

pressure on Berlusconi by

indicating the CCD could pull

out of the Conservative govern

ment which he said was

behaving irresponsibly.

The rate rise was a major

blow for media tycoon

Berlusconi, who stormed to power only two months after entering politics.

A string of political defeats

in the past month have taken

the bloom off early successes.

He was first foiled in a bid

to limit magistrates' powers of

pre-trial custody.

Embarrassment over a graft

probe into his Fininvest

Media

holding company swiftly fol-

lowed and his younger brother

and business partner Paolo

remains under house arrest on

suspicion of paying bribes.

As his woes piled up, so

did dissent within his coalition

including constant sniping

from the federalist northern

league, the largest and most

troublesome government part-

ner.

In an interview published

on Friday in the Paris-based in-

ternational Herald Tribune

newspaper, Berlusconi ac-

knowledged that Fininvest

executives had paid "ridiculously

small" bribes to government

officials.

Japan's trade surplus grows

TOKYO, Aug 13: Japan's trade surplus grew four per cent from a year earlier to 12.3 billion dollars in July, down from 11.4 billion dollars in June, the finance ministry said yesterday, reports AFP.

The ministry said exports rose 6.9 per cent to 34.4 billion dollars as imports leapt 8.5 per cent to 22.1 billion dollars.

Japan's trade surplus with Asia was 6.3 billion dollars.

Exports to the region jumped 12.1 per cent to 13.9 billion dollars and imports were up 10.8 per cent at 7.6 billion dollars.

Romania produces enough grain

BUCHAREST, Aug 13: For the first time since the overthrow of Communist rule almost five years ago, Romania has produced enough grain for its internal needs, the government said Friday, reports AP.

Agriculture Minister Ioan Oancea was quoted by the official Rompress news agency as saying there may even be some left over to export from a bumper grain harvest of 20 million tons.

In the early part of this century Romania was known as a major European grain producer, but mismanagement and collectivization of the land during the more than 40 years of communism brought a slide in production.

GQ Ball Pen declares 40 pc dividend

GQ Ball Pen Industries Ltd, the manufacturers of Econo Ball Pen, has declared a 40 per cent dividend for the year 1993, reports UNB.

The company has also declared to issue 50 per cent right share at a premium of Taka 90 and 50 per cent bonus share to the shareholders.

"The market was caught totally by surprise, there was tremendous demand for marks," said Union Bank of Switzerland's Jury. It put a lot of pressure on the system and the dollar was one of the victims.

"If the Fed doesn't act on Tuesday, the dollar could fall. But the market is convinced we will see something," he said.

Share register of the company, however, will remain closed from September 6 to 15, says a press release.