

# Dhaka share market yet to receive foreign capital inflow

By Staff Correspondent

The Bangladesh share market is yet to be influenced by the inflow of foreign capital as the foreigners are still hesitant about its small size and vibrancy, according to sources.

Some foreign investors, who recently visited Bangladesh to study the market, have also pointed to the lack of some capital market instruments like unit trusts fund managers and portfolio managers in the private sector that have made their arrival in the Bangladesh market difficult.

There are also problems like low liquidity and differently in liquidating shares in the secondary market, talking to The Daily Star, a member of the Dhaka Stock Exchange

(DSE) recently said.

He said the foreign investors generally come up with huge funds to invest, but only a small portion of shares remain for their purchase after subscription by the promoters and institutions like the Investment Corporation of Bangladesh (ICB).

On an average, 60 to 70 per cent of shares are held by the promoters while 15 per cent or more by the institutions like ICB. Actual liquidity available in the market ranges between 15 per cent and one or two per cent.

The DSE member also said that the foreign investors with large investment also have to face difficulty in liquidating

their shares in the secondary market as the general public here are more interested in dividend earning rather than capital gain.

Another market operator said the government is not prompt enough to permit the private firms to operate as fund managers or portfolio managers to facilitate the operation of the share market.

He said several firms have submitted applications to the Securities and Exchange Commission (SEC) seeking permission to do so earlier this year. The SEC, however, could not permit those firms to operate as fund managers due to lack of provisions in the law.

he said, adding that the SEC is yet to prepare a draft of the law.

Chairman of SEC Sultan-uz-Zaman Khan, however, said the SEC has, in the meantime, completed eliciting views from various quarters and a draft of the law is now being prepared.

Regarding low liquidity in the market, he said, as per the government instruction, the private sector insurance companies have started floating shares in the market.

The SEC is also persuading the private sector jute and textile mills to offload their shares, he said, adding that the market would be activated soon after the shares of those companies are floated.



Zafar Ahmed Chowdhury, Chairman of United Commercial Bank Ltd, speaking at executives and managers' conference of Dhaka city and adjoining area branches at the bank's head office yesterday. He is flanked by M A Yussouf Khan, President and Managing Director, K C Rezaul Huq, Hamidul Huq and Nasirul Hoque Chowdhury, Deputy Managing Directors, Divisional Heads and Branch Managers.

## Projection meet of Mirza Abul Mansur panel held

The projection meeting of Mirza Abul Mansur panel nominated by the "Shilpa-Banjilaya Trinayan Parishad" for the coming FBCCI elections '94 for the 1994-96 term was held at Hotel Furban in the city on Monday, says a press release.

The FBCCI election will be held on October 17. The presidential candidate Mirza Abul Mansur, a steel, iron and hardware merchant of Chittagong and the former president of Bangladesh Hardware and Machinery Merchants Association (BHMMA) on Monday, while addressing the function underscored the need of complete restructuring of FBCCI for playing a significant role for the business community of the country.

It has to be done through massive modernisation of its various wings, specially the Information and Research Wings, by introducing the computerised system and employing experts," Mansur said.

He said if his panel is elected, he would undertake the restructuring programme and strengthen the affiliated associations by introducing compulsory membership system.

"Compulsory membership for the businessmen with the concerned associations would not only strengthen the associations, but also strengthen the FBCCI as a whole," he said.

## FM asks US firms to invest in Bangladesh

The Foreign Minister, ASM Mostafizur Rahman, yesterday called upon firms in the United States to invest in Bangladesh taking the opportunities offered by the country under its broad policy reforms and congenial climate, reports BSS.

The Foreign Minister, during a meeting with representatives of three New York based investment firms, said that all foreign investments will get support from Bangladesh.

The top executives of the firms, Oppenheimer, Odyssey Partners and Tricap hosted a luncheon in honour of Rahman

in New York where he is attending the UN General Assembly session.

Rahman explained some of the major successes Bangladesh achieved recently in macroeconomic reforms as well as the emphasis the government has been attaching to social sectors, a message sent from New York by Bangladesh mission said.

He said that intending investors, on probing, will find the opportunities of investment in Bangladesh for domestic as well as export markets lucrative.

## Political consensus a must for development: Experts

Leading economists and development experts at a national seminar yesterday recommended for political consensus on national issues for the overall development of the country, reports BSS.

They also referred to the NGO activities side by side the government development programmes and said, the NGO activities should be guided in such a manner that they do not hamper the social harmony.

The two-day seminar on "social development: Bangladesh perspective" which ended yesterday was organised by Social Science Research Centre (SSRC) of the Ministry of Planning at the NEC auditorium.

Five keynote papers were presented in four working sessions and a dozen of experts representing different key organisations and participants of the seminar took part in the discussion on them.

A country paper will be prepared later on the recommendations and advices came out of the two-day sessions for presentation at the world summit on social development in March next year, seminar sources said.

The recommendations were read out to the audience in the concluding function this afternoon with Member of the Planning Commission Syed Ahmad in the chair.

## FBCCI polls BGMEA panel announced

Redwan Ahmed MP and President of Bangladesh Garment Manufacturers and Exporters Association has announced his candidature and introduced his panel to contest in the forthcoming election of Federation of Bangladesh Chambers of Commerce and Industries, says a press release.

The projection meeting was held at hotel Sheraton on Tuesday night. Abu Taher, vice-president of BGMEA presided over A F M Fakhru Islam Munshi who is also a member candidate in the FBCCI election read out the written election manifesto on behalf of Redwan Ahmed.

The candidates for executive committee membership are A F M Fakhru Islam Munshi, Group Capt (Retd) S M Shamsul Haque, Brig (Retd) A H M Abdul Momen, A Gafur, Motlub Ahmed, Shafiqullah Choudhury, Syed Ruhul Amin, Sukumar Ranjan Ghosh, Mohammad Ali, Md Yunus, M H Khan, Abdul Haque, M Azizul Alam, Md Glasuddin Chowdhury Khokan and Prof Jahangir Chowdhury.

It may be mentioned here that the biennial council and election of FBCCI will be held on October 17.

## Oil spill chokes Saigon river

HANOI, Oct 5: An oil tanker crashed into a pier and dumped 600 tons of diesel fuel into the Saigon River, officials said Wednesday, reports AP.

## RAHMAN

A man worth staying up for in a world of speeches that will put you to sleep.

thing that is hard to imagine even in a land blessed with the income, infrastructure and educational, bureaucratic and democratic traditions of Europe.

The journey to Rahman's office gives glimpses of the problems he and Bangladesh face. Traffic is a chaotic fuming mixture of impatient cars and motorcycles, aristocratically ridden by the raffish rich, wheezing double-decker buses made in India from a London model, buzzing overladen private buses, three-wheeler scooter rickshaws known as "baby taxis" and heavy straining pedalcycle rickshaws puffing three abreast.

The relatively modern red brick offices where Rahman sits have the smell of decay. His secretary's office reeks of DDT powder, thankfully masking other odours. Rahman's own spacious room like many government offices in the subcontinent where there is an abundance of natural sun light is darkened by thick curtains and sweaty in spite of the humming air conditioner. Twice in our two-hour session the power goes off and an assistant brings a hurricane lamp while Rahman continued as if nothing had happened.

When he smiles he has a passing resemblance, with his toothbrush mustache and gray hair, to a sunburned Groucho Marx, but he is far too serious to be caught joking about the task he faces. Saifur Rahman cut his political teeth early: as a Dhaka University student in the then East Bengal part of Pakistan, he was imprisoned after joining the 1952 movement demanding use of Bengali rather than Urdu, which the rulers based 1,000 miles away in West Pakistan wanted to impose on the entire country. He graduated, went to England, decided to study accountancy rather than law, qualified, and returned to Pakistan where he was "a serious professional person" for almost the next two decades, good enough to set up the best accountancy and management consultant firm in East Pakistan. After Bangladesh's independence in 1971, Rahman was involved in an advisory role in putting the new country on its feet, but he steered clear of politics proper.

His return to the political arena of his student days came reluctantly, out of admiration of Ziaur Rahman, who was

running the country. "I had heard him declare Bangladesh's independence on the radio in 1971 (as an army major), and later I met him over dinner and found him friendly and fascinating. He was very sober, talked less and listened more than others." When Zia came to power, "he pressed me on a number of occasions to help him and in 1976, I finally gave way and became adviser on commerce, then commerce minister and finance minister. Zia was a man of conviction politics, impeccable integrity and unquestionable patriotism."



M Saifur Rahman

That did not prevent him from being assassinated in 1981 by army officers. Saifur Rahman spent nine months in prison at the hands of the new rulers, but was released without charges. Such imprisonment, essentially on political charges, is a badge of honor rather than a matter of disgrace. He went back to his accountancy profession and rebuilt the business as a partner of Peat Marwick, while still doing work with Price Waterhouse, of which he had formerly been a partner. He virtually alone among former ministers, resisted blandishments to reenter politics under General H M Ershad's regime.

Saifur Rahman could not take refuge in diplomatic hindsight since he responded to the call of Zia's widow, Begum Khaleda Zia, to serve under her as finance minister and try to pick up the pieces after Ershad's imprisonment. An opponent and former minister Salahuddin Quader Chowdhury says "Saifur Rahman is a beacon of light to marooned humanity. He has his head screwed on the right way." This is the diplomatic con-

sensus, too. One foreigner notes, "He is the one good thing about the government; some ministers don't even know what day it is tomorrow. His fault is his impatience."

But a former minister under Ershad chides, "Saifur Rahman is an accountant who is doing the bidding of the World Bank and IMF in implementing their programme for Bangladesh."

The minister reacts sharply to criticism that he is a pawn of the bank or fund: "It is not the demand of the World Bank that we should not waste resources; it is our own demand that we should use our resources efficiently. Where the World Bank is wrong is that it betrays a lack of understanding of the social and political imperatives in the countries where it is working. It sometimes tries to push too hard too fast for reform programmes."

Rahman asserts that he has begun the economic turnaround. "When I came back in my second incarnation as finance minister in 1991, the treasury was minus because foreign money was being used

to pay government staff. Now we have changed an introvert economy into an extrovert one. We have made a success of food grain policy, reformed trade, reviewed the barriers to foreign investment, reduced the fiscal deficit and redirected the government investment programme so that 50 per cent of the public sector is spent on developing human resources. Growth was 4.9 per cent last year. In addition, 36.8 per cent of the budget is coming from internal resources."

It sounds marvelous, and for a moment, in spite of the glowing hurricane lamp, one forgets the teeming problems outside. On a good day, it is possible to be optimistic, too: the cycle rickshaw pullers these days all have sandals instead of going barefoot; the homemade country boats on the rivers have forsaken their romantic sails for Chinese diesel engines. But then so much can go wrong, and the democratic tradition in September brought Dhaka to a halt in a general strike demanding new elections. But Rahman is worth talking to, and has views of his own that the annual meetings must be made more productive and workmanlike, not just a recital of boring speeches for the domestic audience of the ministers speaking. All to often the job of chairing the meeting is a booby prize awarded to a middling minister from a middling country, someone who can sit for hour after hour and not fall asleep during the endless round of mindnumbing speeches. He is not that kind of man, but is anyone listening?

## FBCCI president candidate's poll pledge

An action plan will be formulated incorporating sectoral and regional recommendations to suggest measures for industrialisation, export development, trade expansion and improvement of overall business environment, reports UNB.

This was stated in his election agenda by M A Kashem, a former President of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), who is the president candidate for the upcoming FBCCI election.

Kashem, an entrepreneur and noted businessman, is one of the nine candidates vying for the post of president.



Dr Abdul Moyeen Khan, State Minister for Planning, inaugurating the sale of urea fertilizer to farmers at fair price at Ghorasal Urea Fertilizer Factory on Tuesday. Advocate Rukshana Moyeen, Dr Azizur Rahman (Director Production & Research), BCIC and others are seen in the picture.

## BCIC International Tender Notice

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Managing Director, Khulna Hardboard Mills Ltd, Town Khalishpur, Khulna invites sealed quotation under two envelope system against Tender Enquiry No KHM/FP-511/94-95, dated 19-9-94 for various types of Pump & Laboratory equipments etc. Tender document at a cost of Tk. 100.00 (Non-refundable) will be available from Accounts Section, BCIC, 30-31, Dilkusha Comm. Area, Dhaka, BCIC Branch Office, 6, Agrabad, Chittagong and Khulna Hardboard Mills, Khalishpur, Khulna during office hour. Quotation will be received up to 3 PM on 23-10-94 and will be opened thereafter. Earnest money-1% of the total quoted value. No tender will be sold on the date of opening. Management reserves the right to accept or reject any or all tender without assigning any reason whatsoever.

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## Automakers introducing small, affordable cars in Paris

PARIS, Oct 5: With a moderate upturn in the European automobile market this year, manufacturers at the Paris Motor Show are introducing small, affordable cars to appeal to buyers' shrinking budgets and practical tastes, reports AP.

The market is improving by roughly 5 per cent after a sobering dive of 15.1 per cent last year. Governments in France, Spain and Britain have helped the upturn with incentives to get drivers to trade in aging cars.

That's a relief to Fiat, Volkswagen and Peugeot, as well as to the American Big Three who are presenting retooled and all-new models to Europe at the Paris show, which opens to the public Thursday.

Alfa Romeo, owned by Fiat, is introducing a snappy new Spider, the popular two-seat

roadster. Fiat is debuting a sporty version of the tiny 500-cc Cinquecento, widely owned in Italy which has high engine-displacement taxes.

VW, Europe's largest automaker, is banking heavily on its restyled Polo, a two- or five-door compact that complements VW's slightly larger Golf, Europe's best-selling automobile.

Peugeot brought out an attractive convertible version of its 306 compact, along with a turbo-diesel version of its 806 minivan, introduced earlier this year. Diesel fuel, cheaper than gasoline, is widely used in Europe. The minivan is made jointly with Fiat, which calls it the Ulyssee and also is displaying a turbo diesel version.

PSA Peugeot-Citroen, which produces Peugeot and Citroen autos, wants to boost European sales, which were 14 per cent of the group's total

turnover last year, but "By the end of the century we want it to be above 25 per cent," Chairman Jacques Calvet said.

General Motors Europe is trying to make a splash with its sportscar-like but affordable Opel Tigra. The car, designed for two passengers though there is a small back seat, was exhibited as a concept car at the Frankfurt Motor Show a year ago where it was highly praised. Frankfurt and Paris alternate annually as host of Europe's biggest motor vehicle show.

GM earned a profit of \$1.6 billion over the first six months of the year, International Operations President Louis Hughes said. That puts it on track to being Europe's most profitable automaker for the fifth straight year. GM Europe earned 605 million dollars last year, and 1.23 billion dollars in 1992.

French automakers Renault and Citroen have a few retooled versions of existing models but are going heavily into concept cars, which are rarely commercialised but showcase advanced technologies and progressive ergonomics.

Renault is showing its Ludo, a proposed four-seater with no-clutch manual transmission, which allows for easier city driving. Two sliding doors on the passenger side provide maximum access to the interior, and a dashboard screen relays information about traffic flow.

Renault's Modus is a small utility van with a hybrid engine: electric for urban use, and gasoline on the open road. The two vehicles are part of Renault's "City Fleet" of low-pollution vehicles.

"But until further progress is made in battery technology, the adoption of this kind of

vehicle by the general public will only be possible if stimulated by tax incentives or similar government measures," said Georges Douin, Renault's senior vice president for product and strategic planning.

Citroen's concept car, the Xanae, features a sweeping window that extends into the roof and a left rear seat that curves around the side of the cabin, giving a "living room" feeling.

Ford Europe is introducing its done-over Scorpio, sporting a larger grill and ellipsoid headlights, looking ever more like a luxury estate car and one of the few large cars debuting.

Mercedes-Benz AG said it too expects a profit of more than 69 billion Deutsche marks (44.4 billion dollars), a 10 per cent increase from 1993, chairman Helmut Werner said.

Mercedes-Benz expects sales of 585,000 units in 1994, up 15 per cent from last year, Werner said.