

BRIEFS

Riyadh to slash
20 pc more spending

RIYADH, Dec 9: King Fahd announced that public spending would be slashed by another 20 per cent in 1995, in a speech carried by the official Saudi news agency today, reports AFP.

Referendum on Euro
currency in UK likely

LONDON, Dec 9: Prime Minister John Major told the House of Commons yesterday that he has not ruled out holding a referendum on British acceptance of a single European currency. In a television interview Wednesday evening Major said, "I haven't ruled out a referendum but it is a long way away at the moment." A recent poll said 64 per cent of Britons would favour such referendum and that if one were held, only 33 per cent would back a Euro-currency, reports AFP.

ROK poised to grow
by 7.3 pc in '95

SEOUL, Dec 9: South Korea is poised to grow by 7.3 per cent in 1995 on a year-on-year basis, with domestic consumption and construction expected to be the main generators of growth, the central Bank of Korea (BOK) said today. "The economy is likely to head toward continuous expansion next year," said Kim Youn-Dae, Director of BOK's Research Department, but added the growth rate would slightly taper off from the projected 7.9 per cent for 1994, reports AFP.

New currency in
Ukraine introduced

KIEV, Dec 9: Ukraine's national bank unveiled a new 500,000 karbovanets four dollar banknote Friday to replace smaller, almost valueless denominations which are being recycled into toilet paper. The new bright orange note, to be brought into circulation Monday, is needed so the former Soviet republic's temporary currency can keep pace against other currencies. Originally introduced in January 1992 at a rate of parity with the Russian ruble, the karbovanets has tumbled in value as a result of hyperinflation. One ruble today fetches 39 karbovanets, reports AP.

COMESA holding
summit in Malawi

LILONGWE, Malawi, Dec 9: English-speaking African leaders began a two-day summit Thursday aimed at improving regional trade and commercial links. Seven presidents and scores of officials from the 23-nation Common Market for Eastern and Southern Africa (COMESA) held several hours of private discussions as part of the grouping's first summit in Lilongwe, the administrative capital of Malawi, reports AP.

Ban on privatisation
lifted in Ukraine

KIEV, Dec 8: Legislators in Ukraine's parliament lifted a four-month-old ban on privatisation Wednesday, but derailed government plans to speed reform by approving a list of several thousand enterprises to remain in state hands. The vote, passing 207 to 90 in favour with 19 abstentions, was welcomed by its supporters in the former Soviet republic's reform-shy parliament as a victory for President Leonid Kuchma, reports AP.

Vanuatu's parliament
okays annual budget

PORT-VILA, Dec 9: Vanuatu's parliament Friday approved an annual budget of 5.9 billion vatu (49 million US dollars) for the island state in 1995. The budget was up from 1994's 5.5 billion vatu (45 million US dollars). Main spending items for 1995 were education, prime ministerial offices and departments and health, reports AP.

Tapie ordered to pay
\$3.42m debt

PARIS, Dec 9: A commercial court Thursday ordered businessman-politician Bernard Tapie to pay 18.5 million francs (3.42 million dollars) to an affiliate of the state-owned bank Credit Lyonnais. Tapie, struggling to avoid a bankruptcy judgement that would bar him from elective office for five years, was ordered to pay 3.5 million francs to cover a debt to a former legislator, Georges Tranchant. Tranchant won a financial dispute with Tapie, and the Credit Lyonnais affiliate, SDBO, was a guarantor of Tapie's payments, reports AP.

Passenger bus service sector needs
regulatory guidelines

By Staff Correspondent

Bus services have become the country's most important medium of passenger transportation and despite sluggishness in other areas of the economy, this transportation sub-sector has recorded a healthy growth in recent years. However, almost entirely managed by the private sector, the passenger bus service sector, like the rest of the

it is now operating a few buses on the Dhaka-Aricha and Dhaka-Bhuapur routes only.

Otherwise, all new districts except Bhola and Borguna are now linked with the capital city Dhaka by inter-district private bus services.

"You can travel from Teknaf to Tetulia and Sylhet to Patuakhali by buses which was not possible a few years ago,"

to the survey, the lowest number of 1,351 buses are plying in the new riverine division of Barisal.

Although the number of buses has been increased and many new routes covering remotest area have been opened over the recent years, the bus journey is yet to be made smooth safe and sound.

Except Dhaka-Chittagong

different places in Chittagong and other big cities.

Only for this reason, many people avoid inter-district local bus and prefer to travel by private coach services although the fare is exorbitant than the local ones, a leader of the Dhaka-Chittagong luxurious bus service said.

According to the leaders of the owners association, politi-



Inter-district buses prior to departure for different destinations seen at the Mohakhali Bus Terminal.

— Star photo

transportation sector, has not yet been adequately organised and streamlined due to lack of appropriate government regulatory policies.

The leaders of the Bangladesh bus-truck owners association claim that buses and mini-buses now carry about 70 per cent of the domestic passengers in the country.

According to the Bangladesh Road Transport Authority, more than 22,000 private buses and mini-buses are currently plying on various routes across the country.

Sources in the BRTA and Bangladesh Bus Truck Owners Association said the construction of a good number of new roads over the past few years, closure of various riverine routes, liberalisation of automobile assembling and manufacturing industries and inefficiency in railway services are the main reasons for the boost in private bus transport sector.

Facing hard competition with the private buses, most of the inter-district bus services of Bangladesh Road Transport Corporation (BRTC), the only public transport sector, have already been closed.

According to the BRTC sources, except town services,

said, Ziaul Huq, the chairman of Bangladesh Bus-Truck Owners Association.

He said after liberation, a few private buses were plying only on Dhaka-Comilla and Dhaka-Bogra routes, but now the private sector buses are the main medium of road transportation in the country.

Earlier, the Pragati in Chittagong was the only authorised company for bus assembling and manufacturing works and there was a lack of variety and comfort in the body of the buses. Now some assembling and manufacturing firms are producing qualitative and luxurious body of the buses. So, the faces of the buses are also improving day by day, he told The Daily Star.

A recent survey conducted by a private organisation says more than 13 thousand buses and mini buses are plying in inter-district level. Of these 5,546 are big and 7,503 are mini buses.

According to the survey, 3,702 buses and mini buses are operating in the greater Chittagong division. In Dhaka division, the number is 3,341, excluding the town services.

There are 2,631 buses and mini buses in Khulna and 2024 in Rajshahi division. According

luxurious bus service where a number of luxurious buses are plying with excellent service, the journey by bus in most of the other routes is still risky and troublesome.

Due to use of untrained drivers, long working hours and poor road conditions, bus accident is a regular phenomenon in the country.

Inter-district bus services, which are called "Chair coach" are usually packed with standing passengers while express services make frequent unscheduled stoppages.

Meanwhile, bus terminals even in a bigger city like Dhaka are in shambles, lacking any maintenance services. Most of the city bus terminals do not have adequate amenities for the passengers, as most of them do not have any proper waiting lounge, eating places, canteens or even moderately clean toilets which the passengers can use.

Most of the bus terminals are occupied by musclemen, drug-addicts, thieves and touts.

To avoid this situation, many private bus companies mainly in Dhaka-Chittagong route have opened their own counters and waiting rooms at Fakirapool area in Dhaka and

cal unrest, damaging buses by unruly mob at any time, extortion by musclemen and labour leaders, frequent strikes, hartals and political programmes hamper the desired growth in the private bus sector.

They accused the government of not giving much attention to this vital sector.

They also expressed dissatisfaction at the high rate of import duties and VAT on assembling and manufacturing industries. They said, the bank interest rate changed in the transport sector is also high compared to other industrial sector.

Despite long movement by the bus-truck labourers in the past for regularising their jobs, most of the drivers and helpers do not have any appointment letters. Usually they work on daily basis.

The average salary of the drivers is Taka 150 to 200 per trip for inter-city and Taka 2500 to 3000 per month for inter-district buses. Most of the helpers are under-aged. They give service whole-day for only Taka 50 to 70.

Observers say adequate government policies and regulatory guidelines are urgently needed to streamline the passenger bus service sector.

ROK autoworkers
refuse to work
for second day

SEOUL, Dec 9: Some 30,000 autoworkers refused to work for the second day Friday to protest a government decision to let South Korea's biggest conglomerate produce passenger cars, reports AP.

Instead, some 8,000 employees from three of the nation's five automakers rallied at Boramae Park in western Seoul to demand the decision be reversed.

"Oppose Samsung's auto venture!" they shouted, wearing red headbands and carrying brightly coloured pickets.

They fear giant Samsung's entry would glut the market and push them out. The Trade Ministry has countered that tougher competition would benefit the auto industry in the long run.

South Korea is the world's sixth largest automaker. It produced 2.05 million cars last year.

Workers at the nation's No. 2 automaker, Kia Motors Corp and its subsidiary, Asia Motor Co along with No. 3 Daewoo Motor Co have been the most vocal opponents, saying they would continue their illegal strike until Saturday.

Unions only are allowed to strike after a protracted process, but the government appears willing to let this protest go for a while to avoid clashes with police.

Workers at the nation's No. 1 carmaker, Hyundai Motor Co not wanting to appear shaken by a newcomer, have not joined in the strike.

JICA observes
20th founding
anniversary

By Staff Correspondent

The Japan International Cooperation Agency (JICA) in Bangladesh yesterday observed its 20th founding anniversary in the capital.

The JICA, which had been working in the development sector of Bangladesh since its inception, highlighted its activities at the Hotel Sonargaon by holding a photo exhibition on its projects, video show on JICA activities and Japan display of replicas on development projects and displays of handicrafts made by Bangladesh village women with the help of Japan Overseas Cooperation Volunteers.

Secretary of the Economic Relations Division (ERD) of the Ministry of Finance, M Lutfulahil Majid, Charge d'Affaires of Japan in Bangladesh Y Kuroda and Resident Representative of JICA Bangladesh Office Hironao Suzuki inaugurated the function.

The JICA, which had carried out enormous tasks like funding and building the Meghna Gumti Bridge, also brought in to the light the activities of the JOCV. JOCV volunteers were first sent to Bangladesh to work as on-field partners in progress in 1973.

Since then the JOCV has dispatched some 457 of its junior experts to Bangladesh. Presently, 81 such junior experts are working in the fields of agriculture, fisheries, manufacturing, mechanical maintenance and operation, civil engineering and architecture, sports, education and culture, nutrition, health and welfare.

The day-long anniversary programme also brought into the light a JICA study on some commodities of Bangladesh which can be exported. Such products include fruit juice, jelly and jam, chewing ginger and such small items.

Senior government officials, diplomats, representatives of donor agencies and elites of Dhaka city attended the function.

More than 80 per cent of China's 1.2 billion people watch television. In addition to the national CCTV, there are 37 large regional broadcasters, 300 municipal channels and dozens of cable stations.

According to a study by Saatchi and Saatchi China, the country is already the 15th largest market for television commercials in the world.

In Beijing, some cable customers can receive 14 channels, and it should soon rise to 22. In Shanghai, where 550,000 fiber optic cable lines are installed, a music channel has been started. Microwave broadcasts are available in Mongolia, and CCTV is ready to encrypt channels on cinema, arts and sports. Satellite antennas are not allowed or tightly restricted to prevent reception of foreign stations, but they can nevertheless be seen everywhere between Hong Kong and Guangzhou.

JICA organises puppet show on the occasion of observance of its 20th founding anniversary at Hotel Sonargaon yesterday.

— Star photo

Share prices fell
last week

By Sohail Manzur

The Dhaka Stock Exchange (DSE) which has been facing depletion with fewer crisp and greater demand, experienced a fall in the prices of shares last week, although trading increased notably during the time.

According to market operators, the downward trend in share prices was due to the natural correction of the market by the factors like demand and supply.

With the five new issues entering the market this month, the supply situation is going to be improved although most of these issues are expected to be oversubscribed by more than one hundred per cent.

Some market operators also analysed the situation by saying that the trading in shares in the DSE fell significantly the previous week, perhaps due to the traders' stance of holding their funds to invest for the new issues arriving in the market. This might have prompted the fall in share prices leading to increase in trading last week, they observed.

Some of them believed the present political crisis might have also affected the market by eroding confidence of the investors on the future earnings of the companies listed with the DSE. Market capitalisation of the listed companies after hitting the one billion dollar (4000 crore Taka) mark on November 19, stagnated between 4200 and 4300 crore till the end of the month. At the end of last week's trading on Tuesday the market capital-

isation reached at 4240 crore Taka declining from 4276 taka on Saturday.

Turnover of shares in volume on Tuesday was 114,873 as against 90,273 at the end of previous week's trading.

The all share price index, after increasing to 892.44 points on November 30, started to decline from the beginning of the current month. At the end of trading last week the price index reduced to only 880.92 points.

Chairman of the DSE Khurshid Alam talking to The Daily Star last night, said impact of the present political situation is yet to be visible in the market.

The reduction in share prices was due to market correction, not anything else as speculated by others, Alam said, adding the fall in share prices is not so drastic that it can be analysed otherwise.

He also said the five new issues being floated in the market would not be able to fulfill the huge demand of the investors and most of these would be oversubscribed.

Some 156 companies are currently listed with the Dhaka Stock Exchange, which has created tremendous interest among both domestic and foreign investors in recent years as an emerging market.

Foreign investors have so far injected over 180 million US dollars in the market, which, according to market operators, would cross 250 million dollars by the end of December.

US dollar firm against
major currencies

TOKYO, Dec 9: The US dollar held ground against the Japanese yen on Friday, reports AP.

Prices inched up in the morning on the dollar's stability but sank steadily in the afternoon, after the Bank of Japan announced plans to set up a new bank to bail out two financially troubled credit unions.

"Prices fell just like sand in an hourglass pours down," said Tomoatsu Yamamoto, a Yamaichi Securities trader. He said selling by foreign investors and Japanese players discouraged by an overnight decline in New York also prompted Friday's fall.

The dollar closed at 100.40 yen, up 0.23 yen from Thursday's Tokyo close and slightly down from its overnight New York finish of 100.49 yen. It opened at 100.63 yen and ranged between 100.18 yen and 100.67 yen.

Spot trading totalled 7.08 billion dollars, up from Thursday's 5.10 billion dollars.

AFP report from New York says: The dollar remained firm against other major currencies here late Thursday in calm trading reassured by the healthy US economy.

In late afternoon trading, the dollar was quoted as trading at 1.5772 German marks, up from 1.5778 marks in mid-session and 1.5675 late Wednesday.

Against the yen, it rose to 100.52, up from 100.48 earlier and 99.98 the night before.

The US currency rose to 5.4115 French francs, up from 5.3840 Wednesday, to 1.3365 Swiss francs (1.3255) and to 0.6396 pound sterling (0.6388).

The dollar was strong throughout the session, said a trader with a large European bank in New York.

Bank of Japan plans to
rescue 2 credit unions

TOKYO, Dec 9: In a sign of serious bad-loan problems facing Japan's banking system, the central bank announced plans Friday to set up a new bank to bail out two financially troubled credit unions, reports AP.

In an unusual move, the Bank of Japan said it would also contribute capital to the new bank.

Problems involved ailing banks have generally been solved in the past through buyouts or assistance from large commercial banks, called "city" banks in Japan.

But huge amounts of bad loans to land and stock speculators during the economic boom years of the late 1980s have burdened the city banks

as well.

"Under the current economic conditions, in which city banks themselves are suffering from bad loans, it's too risky for them to get involved," said Hiroki Iwasaki, a Dai-ichi Kangyo Bank official. "That's why the Bank of Japan entered this time."

Finance Minister Masayoshi Takemura said the measure was aimed at preserving stability in the banking system following the burst of Japan's so-called speculative "bubble economy."

The new bank will absorb the operations of Tokyo Kyowa Credit Union and Anzen Credit Union. Bank of Japan Executive Director Kunio Kojima said.

Major Asian stock markets drop

HONG KONG, Dec 9: Losses on Wall Street had a ripple effect across Asia Friday and pushed Hong Kong's key share index to its lowest close since late last year, reports UNB.

Hong Kong's Hang Seng index of blue chips plunged 279.24 points, or 3.46 per cent, to 7,789, its first close below 7,800 points since October 1993. Other major Asian markets, including Tokyo, Taipei, Seoul and Singapore, also dropped.

The Hang Seng has lost 432.50 points, or 5.3 per cent this week, 17 per cent in the past three weeks and 34 per cent over the year. Hong Kong

investors have been badly rattled this year by US interest rate hikes.

"The Hong Kong market really has no good news, so it has to follow the overseas markets," said Jenny Chan of brokerage Lippo Securities (HK) Ltd.

Friday's plunge followed a 1.3 per cent loss on Wall Street's Dow Jones Industrial Average on Thursday. New York's drop followed signs of another US interest rate hike and the bankruptcy declared by Orange County in California.

In Tokyo, share prices fell amid concerns about bad loans

in Japan's banking system.

Elsewhere in Asia: Wellington: New Zealand shares dropped in moderate trading and brokers expect the market to remain weak next week. The NZSE-40 capital index shed 24.27 points to 1,889.95.

Taipei: Share prices fell, weakened by domestic oil price rises and Hong Kong's plunge. The Weighted Index shed 12.37 points to 6,763.01.

Manila: Share prices dropped for the second straight day in thin trading, mirroring New York's decline. The PSE index lost 48.71 points to 2,607.66.

Sydney: Australian shares plunged following Wall Street's decline. The All Ordinaries index fell 24.1 points to 1,850.9.

Seoul: Shares dropped sharply in widespread selling. The Korea Composite Stock Price Index lost 16.03 points to 1,037.67.

Singapore: The share index plunged 4.7 per cent, following New York's and Hong Kong's lead. The 30-share Straits Times Industrials Index fell 37.40 points to 2,102.28.

Bangkok: Share prices fell in thin trading, as players backed off following New York's drop and because of domestic political problems. The Stock Exchange of Thailand index fell 31.76 points to 1,278.50.

Kuala Lumpur: The KLSE Composite Index slipped 14.08 points to 911.26.

Jakarta: The stock exchange composite dropped 7.117 points to 454.084.

India must tap local debt
for infrastructure : IFC

BOMBAY, Dec 9: India should develop a local debt market to finance infrastructure projects, an official of the International Finance Corporation (IFC) said yesterday, reports Reuters.

"It seems to me that the development of a vibrant domestic bond market is essential if the vast financing needs of this country's infrastructure are to be met," said Geoffrey Hawkins of IFC's South Asian regional mission.

Worldwide, bond issues are more common from established companies such as those operating in the telecommunications sector, Hawkins told an infrastructure seminar.

Because of balance of payments constraints, a sustained infrastructure programme had to be accompanied by a domestic funds mobilisation strategy, he said.

He said several new investment funds have been created to mobilise capital from investors in the world's major financial centres for lending to infrastructure projects.

The Scudder Latin American Trust for Independent Power, formed in June 1993 with the assistance of IFC, was the first specialised fund designed to mobilise risk capital for investment in private power in developing countries.



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— Star photo