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Task Force suggests installation of 6000 digital connections in N'ganj

Task Force for removing problems in export trade at a meeting yesterday decided to provide 6000 digital and 100 international Trunk Dialling (ISD) telephone connections in Narayanganj town to facilitate the export trade originating from that area, reports BSS.

Chaired by Information and Commerce Minister M Shamsul Islam, the meeting elaborately discussed import of yarn for hosiery industries, export marketing of jute yarn and jute twine and export of electronic items.

Speaking at the meeting, the Information and Commerce Minister said that one of the main objectives of the open market trade policy of the present government was to extend all possible co-operation for promotion of export in the private sector instead of controlling it.

The minister stressed on resolving any bottlenecks in export trade by sitting across the table and said that the government was determined to build up a strong export sector through joint efforts of

both the private and the public sectors.

The meeting discussed various aspects relating to increasing export marketing facilities of jute yarn and jute twine and recommended for fixing interest rate by the banks on working capital for jute yarn and jute twine at 8.5 per cent.

The meeting decided to repeal demand for depreciation on previous rate served earlier from the new rate at 26 per cent on imported yarn used in export oriented

hosiery industries.

Among others, the meeting was attended by FBCCI President, Salman F Rahman, President, BGMEA Redwan Ahmed, MP, and President, Narayanganj Chamber Al-Haj Ajal Hossain.

Commerce Secretary Mohammad Asafuddin, Finance Secretary Nasim Uddin Ahmed, Chairman, T and Board M H Chowdhury, Vice Chairman, EPB Anisul Hoq Chowdhury and Managing Directors of the banks were present.

Square-PED deal to set up modern pharma plant near Dhaka

Square Pharmaceuticals Ltd has recently signed an agreement with a renowned UK-based firm Pharmaceutical Engineering and Design Ltd (PED) to set up its ultra modern second pharmaceutical plant on turnkey basis near Dhaka as per the GMP requirements of World Health Organisation (WHO) and US FDA, says a press release.

PED has long experience in setting up modern pharmaceutical factories in many developed and developing countries — UK, Norway, Denmark, Tunisia and Jordan to name a few.

Implementations of this project will cost over 35 million US dollars and will facilitate SQUARE to expand its export markets in Europe and America.

It may be mentioned that SQUARE is the pioneer Bangladeshi company to export pharmaceutical product. It has exported to Singapore, Great Britain, Nepal etc.

SQUARE has undertaken an ambitious project to get ISO-9000 certification even for its existing plant by 1996. The second unit will not only help SQUARE to expand its business but will contribute to the building of a progressive image of the country and in particular of its pharmaceutical sector in the international arena.



Tapan Chowdhury, Director of Square Pharmaceuticals Ltd and Anthony E White, Director of Pharmaceuticals Engineering and Design Ltd, UK, signed the turnkey agreement to set up Square's world-class second pharmaceutical unit near Dhaka recently.

Oli assures Malaysian team of cooperation

The visiting 9-member Malaysian investors' delegation led by Tan Sri Dato Tajudin Ramli called on Communications Minister Oli Ahmed at Raibhaban here yesterday, reports BSS.

The delegation stayed with the minister for some time and discussed matters of bilateral interest. They also discussed trade and tourism development in Bangladesh in joint venture.

The minister assured them of all possible help in this regard and said Bangladesh Railway could help build 5-star hotels, trade and shopping complex by providing lands at the central places of different cities especially in Dhaka and Chittagong.

He also referred to the recent development in communication network of Bangladesh which was contributing a lot to trade and tourism development.



Members of Korean parliamentary delegation were welcomed by Yoji Hamano, General Manager of Sonargaon Hotel, with floral garlands as they arrived at the hotel on Monday. This high-powered delegation has come to Bangladesh on a goodwill tour to strengthen friendly ties between the two countries.

Oil output from non-OPEC states exceeding expectations

LONDON, Aug 8: Oil production from non-OPEC nations is exceeding most expectations and will continue its inexorable rise next year, says Reuter.

The assessment came on Monday from the International Energy Agency in its latest oil supply and demand forecasts and poured more cold water on hopes by the Organisation of Petroleum Exporting Countries for higher crude output quotas next year.

"It's obviously very frustrating for OPEC but it seems there's very little they can do about it," a London oil analyst said. "There's simply no room for OPEC to put up its ceiling next year."

OPEC ministers have been hinting they may increase production in 1996 to try to recapture some of the market share lost to producers outside the group.

Technological advances have allowed commercial oil companies access to previously unassailable oil reserves

around the world.

The Paris-based energy consumers' watchdog on Monday made sharp upward revisions to its projections for non-OPEC supplies during the remainder of the year and for 1996.

It said non-OPEC suppliers should pump 43.6 million barrels per day (BPD) in 1996, a sharp 1.3 million BPD above 1995 levels and some 2.5 million BPD higher than in 1994.

"Supply estimates have been revised upwards... to account for the faster than anticipated growth of production in Colombia, Brazil and India, higher expected levels of output from California and the Gulf of Mexico and a smaller decline in (ex-Soviet) production," the agency said.

California production should benefit from the end of the US export ban on Alaskan crude oil which is expected to allow small sales into the far east.

"The marginal impacts of

the alternative export markets should relieve the chronic glut in the (US) west coast market and allow Californian production to expand," says the IEA.

Well-signalled North Sea production rises will carry combined British and Norwegian supplies to some 6.4 million BPD in December from about 5.2 million in August. This year Norway became the world's second-largest oil exporter behind OPEC's Saudi Arabia.

The IEA says recent data suggest a six-year decline in Russian production has slowed considerably. Only small decreases now are expected over the rest of 1995 and 1996. It said falling consumption allowed oil exports from former Soviet territories to hit 2.87 million BPD in June, the highest for five years.

The IEA report now puts demand on OPEC oil next year at just 24.9 million BPD, well under current OPEC production.

Country's sugar output all-time high

Sugar production in the country has increased to a record 2 lakh 70 thousand tons surpassing all previous records, reports BSS.

This was observed in a meeting on sugar industry of the country held in the Ministry of Industries yesterday with the State Minister in charge of Industries Lutfur Rahman Khan in the chair.

Khan directed the authorities of Bangladesh Sugar and Food Industries Corporation (BSFIC) to complete the installation and commissioning of 16500 tons capacity Pabna Sugar Mills within stipulated time.

He said, sugar industry based on sugarcane, a major agricultural crop of the country, is a vital area of our industrial sector and its potential for future growth and development is also substantial.

He called upon the officials of BSFIC to maintain the profit-earning trend by reducing operational costs, boosting rate of sugar recovery and limiting the duration of crushing season within scheduled time frame.

The meeting noted with

Country's sugar output all-time high

satisfaction that supply and price of sugar in the country remained stable and BSFIC with its adequate stock of sugar is capable of meeting the country's requirement.

Industries Secretary Dr A M Shawkat Ali, Chairman of BSFIC Mir Belayet Hossain and other officials of BSFIC and the ministry attended the meeting.

Work on Dinajpur town protection project continues

RANGPUR, Aug 8: Work on the Taka 11 crore Dinajpur town protection project is going on in full swing under the supervision of Water Development Board (WDB), reports BSS.

The project is expected to be completed at the end of the current fiscal year.

Meanwhile, the board under its flood control and water drainage programme has completed the Atrai-Kakra sub project at a cost of Taka 13 crore and forty-six lakh.

ING proposing to Vietnam for debt swap arrangement

HANOI, Aug 8: Dutch bank ING says it is talking to Vietnam's Ministry of Finance about helping to clear roughly 50 million US dollar of the Southeast Asian country's external debt, reports Reuter.

Bank officials said ING was proposing a debt swap arrangement.

"It's non-London Club and non-Paris Club debt that eventually could be swapped," Juerg Vontobel, Country Manager for Vietnam, told a news conference on the occasion of the official opening of ING's branch in Hanoi.

The London Club is an informal group of commercial banks which holds discussions in London on loan problems with a particular debtor nation. The Paris Club is a forum for western creditor governments to discuss the renegotiation of debt owed to official creditors or guaranteed by them.

Vietnam is negotiating with London Club debtors to clear roughly 700 million US dollar in commercial areas.

He declined to say where the debt was held or where it came from.

Tin price hits 3-year high in London market

LONDON, Aug 8: The price of tin, an important export earner for Thailand, Indonesia, Malaysia and Bolivia, moved above 7,000 dollars per metric ton for the first time since mid-1992 in London Metal Exchange trading Monday, reports AP.

Tin traded as high as 7,100 dollars for three months deliver Monday, compared with Friday's peak of 6,730 dollars.

"Supplies are tight at the moment, because of a combination of factors and there are signs of some investment fund involvement," said Martin Souires, researcher at metals trader Rudolf Wolff Ltd.

Analysts said tin supplies were limited by the export quotas imposed by members of the Kuala Lumpur-based Association of Tin Producing Countries, and the sympathetic action of non-members such as China.

Sources said that China was keeping to its agreed limit on sales this year, after failing to do so in 1994.

Traders said that there was also evidence of lower than expected production this year in Indonesia and Brazil.

Tin price hits 3-year high in London market

The meeting noted with

BCI praises Agrani Bank

Bangladesh Chamber of Industries (BCI) has hailed Agrani Bank for introducing simple interest rates on term lendings of three years and above, reports UNB.

In a statement yesterday, BCI president A M Subid Ali praised the bank's decision allowing 0.50 per cent rebate for repaying loan by good loanees.

BCI said the provision will assist recovery of loan and flourish economy. It suggested that other government and non-government banks and lending organisations take similar steps.

The BCI chief said simple interest rate should be imposed on lendings below three years.

Learning the wrong lessons from US business

A perusal of the International Business Week (of New York) is always rewarding. If nothing else, it reveals some interesting sidelights of the angle of 'high finance', in the world's current Superpower, the USA. Consider the following excerpt from the Business World (BW) of February 6. Writing about 'China After Deng' it notes, 'Stability, both politically and economically, is a main concern...' says Shan Li, international economist for Goldman Sachs and Co., in Hong Kong.

"Preserving stability will have steep economic costs, however. While Deng carried out many daring reforms that led to explosive growth, he didn't address some of China's deepest problems. The political structure is archaic and dominated by often corrupt Communist Party hacks. Large and inefficient state-run companies, relics of the old Maoist days, still dominate nearly half the economy and hog an estimated 40 per cent of the central government's resources... Beijing dares not press ahead with a wave of privatizations or bankruptcies..."

It is this obsession that anything the state can do, the private sector can do better, that informs the editorial comments all the way, in this BW cover story. The fact that China's GDP has been growing by some 11-12 per cent

annually, its industrial output by some 18-20 per cent for quite a few years consistently, has been reported even by BW (in earlier issues). But these are not interesting data; what is of importance is the speed of 'economic reform', a euphemism for the privatization of all economic activity. It throws up an interesting sidelight as to the main concerns of those who wield influence and help to shape US policies.

Consider now, the focus of the BW a few weeks later. In its issue of April 7, the BW reports on what it describes as the "Executive Compensation Scoreboard" in the US. The article makes highly interesting reading. Apparently, the top executives' compensation has been on the downside after peaking in 1993. It would be pointless to reproduce fifteen pages of data for 371 companies in the US for which data on the top executives pay and perks in the US are given by the BW. These statistics are of little value to the Indian reader. But, consider just two statistics: one, Michael Eisner, the highest paid executive (with Walt Disney) got a total pay (and perks) of 221,127,000 US dollars in 1994; the shareholders return on equity (at face value) was 63 per cent; and the 'relative index' constructed by the BW — as to 'how good a job the boss did for the shareholders' — stood at 0.7; this compares with a relative

index of 751 for Warren Buffett of Berkshire Hathaway, who made a mere 100,000 dollars with a shareholders return on equity at 125 per cent. Some companies, of course, made hefty losses. The return on equity to shareholders of Delta Airlines was minus 26.1 per cent; the CEO, Ronald Allen, took a gross pay of 2,136,000 dollars in 1994.

Secondly, the BW gives a list of top 20 chief executives who "still have huge rewards to reap from stock options that have yet to be exercised. Again, the list is headed by Michael Eisner, who can (if he chooses) take Walt Disney equity (as part of this compensation) currently valued at 171,880,000 dollars.

These data are, of course, doubtless meant for the US stock exchanges, US shareholders, and the control they can (in theory) exercise on executives pay cheques. The problem is really of little interest to the Indian reader except that these data reveal either that really brilliant chief executives may still be quite helpless to give a break to the shareholders of the companies milked by them, or that there is something really amiss in the very system in the land of free enterprise — for there is little relation to executive performance (as far as the ordinary shareholder is concerned) and the compensation for executives. Executive capability appears, from these data, to

Learning the wrong lessons from US business

be highly over-rated.

Interestingly, 19 of the 331 companies listed in the BW actually made losses in 1994, while for 10, no information (on 1994 profits) is available; a very large number of companies made returns less than 20 per cent on equity; and if we take a low figure of 15 per cent return on equity as the cut-off point, as many as 177 companies out of the 371 listed (other than 9 making losses and 10 without data on profits) had a return on equity of 15 per cent or less in 1994. Some companies did make large profits, but it was not as if corporate America in general was raking in very large profits. And yet a very large number of chief executives took home a nice tidy sum. With two solitary exceptions, 369 chief executives (out of the 371 listed) were paid six to eight digit figures, the lowest among them being taken — as mentioned earlier — 100,000 dollars taken by William Buffet of Berkshire Hathaway (a non-banking financial company), his vice-president taking home more than him (\$ 226,000).

How are all these data of any interest to the Indian reader? We suddenly find executive pay and perks in India also skyrocketing. The wave of 'economic reforms' have removed the ceiling on executive pay and perks imposed by the Dept. of Company Affairs; and managers of public enterprises

Learning the wrong lessons from US business

are now claiming that unless the compensation to executive of public enterprises start matching those paid in the private sector, we would start losing all our talented public sector executives to the private sector. Indeed, some top executives in the banking sector have already left for greener pastures, heading mutual funds and finance companies being set up by some of our corporate giants. The target in this context is reportedly set by one (Indian) top executive in a foreign finance company in India, drawing pay aid perks in the region of Rs 2 crores per annum. The salaries of managers of private enterprises are suddenly being hiked to Rs 50,000 per month (without counting the perks).

But take a look at the Reserve Bank of India (RBI) analysis of the profitability of public limited companies. Except for a few very large companies, the profitability of corporate enterprise remains generally modest. As per the RBI bulletin for January 1995, the first half of 1994-95 (i.e. April-Sept. 1994), shows an enormous improvement in the performance of 1540 non-financial companies, by as much as 94 per cent (over April-Sept. 1993), and yet the aggregate profits before tax remain only 9.8 per cent of sales. Unfortunately, the RBI analysis does not indicate the 'net worth' of the companies. As a

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percentage of the equity (of Rs 17,360 crore) profits before tax (at Rs 8,054 crore) amounted to around 46 per cent, doubtless a very high return. Yet, one observes (again, from the RBI study) that out of the 22 industry groups into which these (non-financial) companies have been classified, as many as nine showed a reduction in the depreciation provision during 1994-95. Surprisingly, the sharp cut-back in depreciation provision has been made by important industries like sugar, cotton/blend textiles, foundries and engineering workshops, basic chemicals, chemical fertilizers, cement, rubber, paper, construction and diversified industries. In other words, the corporate sector is neglecting setting aside funds for obsolescence/modernization, even in areas such as sugar, textiles, paper and engineering where industrial sickness has been a major problem.

Clearly, the American culture of 'making a fast buck' has permeated Indian industry, and the 'managements' are also fast learning the trick. The long term growth of the economy — through painstaking, self-financed modernization — is obviously not one of the priorities of private industry.

— Mandira

Arun Ghosh is Member of the Indian Planning Commission.

Indian Airlines to fly despite pilot boycott of Sri Lanka, Kashmir

NEW DELHI, Aug 8: Indian airlines yesterday said it will ask retired pilot to fly passenger planes to Sri Lanka and the states of Punjab and Kashmir, if union pilots refuse fearing that militants armed with missiles could bring down planes, says AFP.

The Indian Commercial Pilot Association (ICPA) said pilots must not fly to Jammu and Srinagar cities in Kashmir and Amritsar city in Punjab from Monday if they were not given Indian Air Force escort.

Indian Airlines Chief of Operations, S T Deo, denied that Indian Airlines planes faced any missile threat and said retired pilots would be asked to operate the flights if necessary.

The state-run airline warned that management would take disciplinary action against any pilot refusing to undertake flights from Monday, an airline official said.

The ICPA, which has some 450 members, on Saturday ordered its pilots not to fly to the two Indian states saying Indian airlines planes could be shot down with anti-aircraft missiles.

It said pilots should also boycott Colombo, because it was a war zone.

Russi Modi, Joint Chairman of Indian Airlines and Air India, reacted angrily and said he would not bow to the dictates of the powerful pilots' union.

Regional/Branch Managers' Conf
Eastland Insurance Company Ltd
Head Office 13 Dilkusha CA, Dhaka

Mahbubur Rahman, Chairman of Eastland Insurance Co Ltd (2nd-R), inaugurating the 2nd regional/branch managers' conference '95 of the company at a local hotel yesterday. (From right) Ghulam Bahman, Director (Planning), Kazi Bahauddin Ahmed, Principal Coordinator and Executive Vice President, Mushtaque Ahmed also seen in the picture.

Ticketless passengers on the rise in C'Nawabganj

CHAPAINAWABGANJ, Aug 8: The number of ticketless passengers is on rise in C'Nawabganj-Sirajganj railway route causing suffering to the genuine passengers, reports UNB.

Local people said, most of the ticketless passengers travelling on the route are engaged in smuggling of Indian goods.

Moreover, the number of ticket checkers in this line is quite inadequate. Most of them ignoring their duties are allegedly taking gratis from the ticketless travellers.

Previously mobile courts used to punish the ticketless travellers but for the last few years it has been stopped due to mysterious reasons.

WB, Nepal agree to devise ways for meeting energy needs

WASHINGTON, Aug 8: The World Bank and the Government of Nepal have agreed to work expeditiously to develop alternative approaches to meeting Nepal's energy needs following a decision by the Bank not to proceed with plans to support the Arun III hydropower project, according to USIS.

The agreement follows discussion between World Bank President James D Wolfensohn and Man Mohan Adhikari, the Prime Minister that the Bank attaches the highest priority to helping Nepal in devising and implementing an alternative strategy for meeting its needs for electric power.