

Falling Indian rupee may hit foreign investment further

BOMBAY, Oct 23: The Indian rupee's crash against the dollar will further slow foreign investment in the country's stock markets during an election year, analysts and bankers here say, reports AFP.

The rupee slumped to a record low of 35.85 against the greenback Friday after a free-fall of more than 14 per cent in 45 days, causing panic in the foreign exchange market.

"The wildly fluctuating rupee does not inspire confidence in overseas investors," said Navinder Sahni of the foreign stock broker Marlin Partners UK.

"If this fluctuation continues and if there is any higher level of volatility, funds could withdraw from the country in an extreme case scenario," he warned.

The failure by the Reserve Bank of India (RBI) to effectively intervene has prompted scathing criticism. The opposition accuses the government of going in for "backdoor depreciation" of the rupee.

Bankers and experts say strong imports, lower foreign investments and rising debt payments have pushed up the dollar's demand.

S Subramaniam of Hoare Govett Asia said foreign investors were worried at the seeming government uncertainty.

"People are looking for a stable policy. If this volatility continues, the fall in portfolio investments will continue (in October as well), thanks to the huge fluctuations in rupee-dollar rate," he said.

Foreign investors, he said, were waiting for the rupee to stabilise. "Everybody is waiting and watching to see what the government will do. Is the government going to intervene or not? If it is not, then investors will wait for a further fall of the rupee," Subramaniam added.

The concern is widely shared in Bombay, India's financial capital.

Devesh Kumar of W I Carr (Far East) said foreign investors who were not familiar with the fundamentals of the Indian economy would be scared by the sharp fall of the rupee.

"They will stay away, not knowing at what level to enter," he said.

Foreign portfolio investments on Indian stock exchanges have been falling after a steady four-month rise until July.

Official foreign portfolio investment figures for September show a 28 per cent fall from the previous month, while investments in August were 13.75 per cent lower than in July.

It is causing concern to the government of Prime Minister P V Narasimha Rao, who is expected to highlight his free-market reforms to seek votes in general elections due early next year.

Probably no more additional (foreign) money will come in, leading to a further fall in portfolio investments.



President of the Dhaka Chamber of Commerce and Industry R Maksud Khan, along with DCCI directors Ali Hossain, Mahbubuzzaman and Absar Karim Chowdhury, called on the State Minister for Industries Lutfur Rahman Khan at the latter's office on Saturday.

Government of the People's Republic of Bangladesh Department of Agricultural Extension Field Services Wing Khamarbari, Farmgate, Dhaka-1215 Notice of Invitation for short listing of Local Consulting Firms under Khulna-Jessore Drainage Rehabilitation Project (Loan No. 1289).

- 1. Government of Bangladesh received financial assistance from the Asian Development Bank for the implementation of the Khulna-Jessore Drainage Rehabilitation Project. Principal objective of the project is poverty reduction through increased agricultural production and creation of on farm employment in the project area.
- 2. Letters of interest are invited from qualified and experienced local consulting firms who wish to provide consultancy service to the project.
- 3. A team of the 5 (five) local consultants with inputs of 27 man months in total (including team leader) will be required to provide the service.
- 4. The objectives of the consultancy would be to support DAE in implementation of Khulna-Jessore Drainage Rehabilitation Project in: a) Reviewing in country adaptive research on IPM technology. Draw up training programmes. Establish demonstration on IPM. Identify NGO for Bench Mark survey on IPM and prepare TOR for the same.

FAO warns in annual report World markets 'plagued' by distortive intervention

ROME, Oct 23: The UN Food and Agriculture Organization (FAO) said today that a global economic recovery had done little to improve conditions for millions of hungry people, according to Reuter.

In a major annual report, the agency warned that the gains of increased trade had been extremely uneven and world markets were "plagued" by distortive intervention and protection in old and new forms.

"There is a global economic recovery under way — but billions of people, mainly in African countries that are less well integrated into the world economy, are yet to see its benefits," wrote FAO Director-General Jacques Diouf.

"Agriculture has benefited from the improved economic environment in many countries," he wrote in the introduction to "the state of food and agriculture 1995".

But he said "production performances have remained inadequate in much of the developing world" and some countries, 15 in Africa alone, faced severe food shortages.

"While we must welcome important advances in macroeconomic and sector policy reform, the poor are particularly vulnerable in the short and medium term even to changes that are expected to benefit them in the long term," Diouf wrote.

The report, in a special chapter focusing on trade and problems in global markets, said the Uruguay round agreement was "a momentous event for agricultural trade" but may have a limited impact on world markets.

He said it had been suggested that a "new era" in trade might be emerging.

The report referred to the increasing presence of developing nations in world markets, the transformation of former centrally planned economies, and the movement towards regional trade agreements and changes since the Uruguay round.

"The trading order that will emerge from such an in-

creasingly complex interplay of factors and influences is difficult to foresee," Diouf said.

He said current expectations were for little change in the international prices of tropical products and somewhat higher prices for temperate products.

"Furthermore... protectionism in traditional and new forms is likely to continue plaguing agricultural markets."

The report also looked at the impact on world markets of change in Eastern Europe and the former Council for Mutual Economic Assistance (CMEA) countries.

It also saw China becoming an increasingly active trader in world agricultural markets.



Abdul Mubin New chairman of BPC

Dr A K Abdul Mubin took over as chairman of Bangladesh Parjatan Corporation yesterday, say a BPC press release.

Prior to his present assignments, he was Officer-in-Chief (Additional Secretary) to the Ministry of Establishment.

During his long service career, Dr Mubin served in different ministries holding responsible positions.

Recently he was promoted as Additional Secretary of the government.

Riyadh launches campaign to promote tourism

CAIRO, Oct 23: Saudi Arabia has launched a campaign to promote tourism for the first time offering Muslims a combination of the pilgrimage to Mecca with a desert safari or scuba diving in the Red Sea.

"We are trying to achieve a small breakthrough to promote tourism by proposing to Muslims across the world that they combine an Umra (small pilgrimage) with a hunting trip in the desert, or diving and sailing," Abdel Aziz Kabbara of the national carrier Saudia told AFP.

He said the campaign was at first only aimed at Muslims but he did not rule out that one day non-Muslims could join in.

The aim of the campaign was "to move away from the purely religious visits for which Muslims come to Saudi Arabia," the home of Islam's holiest sites in Mecca and Medina.

Tourist trips would allow Muslims to appreciate our civilisation and our history,"

Kabbara added on the sidelines of a world tourism organisation conference in Cairo.

But he warned that those who wanted to visit the conservative Wahhabite kingdom must "respect the traditions and laws" of the country which is ruled by Islamic law of sharia.

Apart from the Islamic ban on drinking alcohol, women are not allowed to "travel alone" to the country and must be accompanied by a "mihrim" or chaperon in the form of a male relative.

About 1.5 million people travel to Saudi Arabia every year for the Hajj, the main pilgrimage to Mecca that comes after the fasting month of Ramadan, and the same number make the trip for the Umra, at any time of the year.

There is no tourism ministry in Saudi Arabia but businessmen have set up a national committee for tourism.

Dhaka Stock Prices

At the close of trading on October 23, '95 Rise in index halted

The continued rise in Dhaka Stock Exchange All Share Price Index was halted on Monday.

The index lost 0.08 per cent from Sunday's 902.21 to 901.48. The total market capital declined to Tk 56.17 billion from Tk 56.22 billion.

The transaction in volume fell by 15 per cent from 391288 to 332378 and the value dropped by 16 per cent from Tk 67.95 million to Tk 56.80 million.

The leading gainer of the day was 1st ICB M Fund with a gain of Tk 90.00 per share while Apex Tannery led the losers with a loss of Tk 103.40 per share.

Table with columns: Company name, Change (per share), Number of shares traded. Lists various stocks like A B Bank, IFIC, 1st ICB M Fund, etc.

Table with columns: Company name, Closing rate (Ave), Previous rate (Ave), Difference, No of securities traded. Lists various companies like Rupali, Peoples, Green Delta, etc.

DSE Shares and Debentures

Large table listing various shares and debentures with columns for Company, FV/ML (Taka), Closing Rate (Taka), and other financial details.

Chittagong Stock Exchange

At the close of trading on October 23, '95 Upward trend continues

Upward trend in both the price index and the transaction on the floor of Chittagong Stock Exchange continued on Monday.

The Chittagong Stock Exchange All Securities Price Index gained another 12.78 points, increasing to 438.60 from Sunday's 425.82.

Total turnovers in value increased by 66 per cent from Tk 316405.00 to 525699.10 and the volume rose by 62 per cent from 1115 to 1805.

The leading gainers of the day was Usmania Glass with a rise of Tk 85 per share and the volume leader was Apex Weaving with 975 shares traded.

A total of 12 securities were traded and all of them gained.

CSE at a glance

Summary table for CSE All Securities Price Index, Day's change in index, Total turnover (value), etc.

Day's trading performance

Table showing trading performance for various companies like Rupali, Peoples, Green Delta, etc., with columns for Company name, Closing rate, Previous rate, Difference, and No of securities traded.

Shipping Intelligence

Table providing shipping intelligence for Chittagong port, including vessel names, cargo, ports, and dates of arrival and departure.