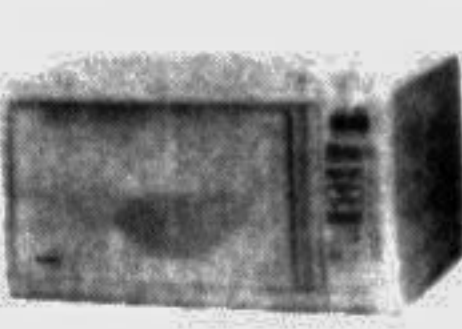



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The Daily Star BUSINESS

DHAKA, TUESDAY, OCTOBER 31, 1995



HYUNDAI
CARS THAT MAKE SENSE

IMF official apprised of bank reforms

The visiting Division Chief of South East Asia and Pacific Department of International Monetary Fund (IMF) John Hicklin called on Special Envoy to Prime Minister M Morshed Khan in the city on Sunday reports UNB.

During the meeting, they had elaborate discussions on different aspects of financial sector, particularly on banking system in Bangladesh.

Morshed Khan apprised the IMF official of various reforms undertaken by the government in both public and private sectors of banking.

Among others, IMF Resident Representative in Bangladesh John Bove and Chairman of Pubali Bank, National Bank, Islami Bank, Arab Bangladesh Bank and South-East Bank Ltd were present.

Meanwhile State Minister for Planning Dr Abdul Moyeen Khan yesterday briefed about the draft of Participatory Perspective Plan to a donor mission comprising representatives from World Bank, Asian Development Bank and International Monetary Fund John Hicklin led the delegation.

Resident Representative of IMF in Dhaka and WB officials were also present.

Recent economic development of the country, growth rate, savings, investment, development of agriculture sector, crop diversification, environmental development, poverty alleviation, planning system and process and their implementation also came up for discussion.

BRDB to disburse Tk 22cr loan in six dists

RAJBARI, Oct 30: Bangladesh Rural Development Board (BRDB) has taken up a programme to disburse Tk 22 crore loan among the destitute men and women of the rural areas for self-employment projects in six districts during the current fiscal year, reports UNB.

The board, under its rural development project-5, will disburse the money. According to board sources, Tk 1.25 crore will be disbursed in Rajbari, Tk 6.25 crore in Faridpur, Tk 6 crore in Madaripur, Tk 1.50 crore in Gopalganj, Tk 1.75 crore in Shariatpur and Tk 5.25 crore in Kurigram.

The Board has already disbursed Tk 5.14 crore among some 10,000 members of the projects in 32 thanas of these districts in the first three months of the year.

The self-employment projects incorporate crop production at the pond side and courtyards of the house, fish and livestock cultivation, apiculture, handlooms, cow fattening, coil rope factory and carpet making etc.

Besides, the Board has taken up programme for afforestation in 120 kilometres roads, setting up 149 mini nurseries to grow 50 lakh saplings and re-excavating 80 ponds for pisciculture.

It gave training to some 1,97,000 members for income generation activities, health care, nutrition and family planning and management and development of skills.

The Board has so far disbursed about Tk 39.91 crore loan in these districts while it realised outstanding loans Tk 30.15 crore which is 99 per cent of the target.

Myanmar builds \$98.3m reservoir at own cost

YANGON, Oct 30: Myanmar has completed building a new reservoir in Magway division, central Myanmar, without help of any foreign experts or financial assistance, the official paper The New Light of Myanmar reported yesterday, reports Xinhua.

Quoting Myanmar Minister for Agriculture Ltd Gen Myint Aung, the paper said that construction of the Natmauk reservoir started in February 1994 and was completed in one year and a half involving local engineers and labourers only.

The Natmauk reservoir, built on Yin Creek at a cost of over 590 million Myanmar kyats (98.3 million US dollars), is 30.5 meters high. It will help to irrigate 17,496 hectares of multiple crops, the paper added.

Stable atmosphere essential for foreign investment: ROK tycoon

By Rafiq Hasan

Social and political stability is essential for substantial increase in investment from South Korea and from other countries, observes the visiting Korean business delegation leader Kihak Sung.

In an exclusive interview with The Daily Star on Sunday, he stressed the need for more simplification of regulatory provisions and improvement of infrastructural facilities for attracting foreign investment.

"Some policies were simplified but their implementation is not always satisfactory, said Kihak who is also the chairman of Youngone Corporation, one of the largest Korean investing companies in Bangladesh.

Starting in 1980, the company has already set up eight manufacturing industries in Dhaka and Chittagong Export Processing Zones.

Garments, sport shoes and

synthetic fibers are the main items produced in his factories.

Responding to a question, he mentioned that these all



Kihak Sung

manufacturing units are healthy and making profit.

He his happy with the efficiency and productivity of the local workers.

He feels that Bangladesh needs more backward linkage industries for further growth of ready made garments and sports shoes which can be another pillar for the overall growth of the industrial sector in the country.

He said this country needs more labour oriented industries for employment of the vast unemployed people before moving into any heavy industries.

If these light industries grow up to a certain level, the other highly sophisticated industries like electronics and composite textiles will follow them according to its nature, Kihak pointed out.

Regarding the proposal to set up a Korean Export Processing Zone (EPZ) in Chittagong, he said "We are negotiating with our investors

about specific terms and conditions for sponsoring the proposed EPZ."

The official approval from the government side has been received and now they are discussing procedure to acquire land for the project, he informed this correspondent.

In addition to the privileges in the existing EPZ, the proposed Korean EPZ will offer a package of facilities including technical training centre, housing for expatriates and local staff, hospitals and offices for government service agencies, he mentioned.

He suggested sending engineers and top technicians in large scale to Korea and other developed countries for availing higher technology which will help set up technology-based industries.

Flood-hit farmers to get agri loans

The government on Sunday decided to provide agricultural loans to flood-hit farmers to help them recoup their losses, reports UNB.

The decision was taken at a high-level meeting with Prime Minister Begum Khaleda Zia in the chair at her office in the city last night.

The meeting said only genuine farmers will get the loan.

It was also decided that the farmers who have not been able to repay their outstanding credits would be provided with fresh loans.

The Ministry of Agriculture has undertaken a Tk 13.68 crore agricultural rehabilitation programme in the flood-affected areas. The meeting was told that the government had already allocated Tk. 10 crore for the programme.

Food and Agriculture Minister Abdul Mannan Bhuiyan informed the meeting that the Agriculture Ministry had

already provided Tk 11 crore to BADCO to import 2,000 tons of boro seed, 4,100 tons of wheat seed, 200 tons of maize seed and 50 tons of oil seed.

He also said that FAO had offered to provide US dollar 1.5 lakh for buying 14 tons of vegetables seed for the forthcoming winter season.

A total of 9.20 lakh flood affected people in the northern districts will get relief till next month.

The meeting decided that Tk 22.50 crore would be disbursed among three lakh families of the affected districts as house building grants. Grants have already been distributed among one lakh people.

Families whose houses were damaged completely will be given Tk 1,000 while Tk 500 for partly-damaged houses. Apart from the housing grants, the government will soon undertake housing rehabilitation credit programme.

US dollar flat against major currencies

TOKYO, Oct 30: The dollar was flat against major currencies here Monday afternoon with investors unwilling to test new highs after the unit met with firm top-side resistance earlier, dealers said, reports AFP.

"Domestic banks and some institutional investors are lined up to buy the dollar at the 101.40 yen level, so the unit is very likely to remain in the current trading range through the balance of the day," a dealer with a city bank said.

Towards the end of trading, the dollar stood at 101.55 yen, down from 101.85 yen in New York late Friday but above 101.28 yen in Tokyo Friday afternoon against the mark, the US unit stood at 1.4061, against 1.4090 in New York late Friday and 1.3938 here Friday.

Dealers said the dollars upward momentum more off after rising to as high as 101.89 yen in earlier trading.

"Investors know that resistance will be strong at the 101.80-90 yen level with profit-taking, especially from US hedge funds," one dealer said.

Dollar selling by Japanese exporters was subdued, as they were optimistic about further dollar gains, dealers said.

"Investors are reluctant to trade until there are further developments in the condition of (Russian President) Yeltsin," a dealer said.

'Saudi Arabia free from foreign debt'

DUBAI, Oct 30: Saudi Arabia on Saturday assured businessmen that its economy was healthy despite budget deficit reports, stressing that the kingdom had almost no foreign debt, reports Reuters.

"Saudi Arabia, despite what you may read or hear about deficits, is still a substantial net creditor to the world," said Saudi Arabian Monetary Agency (SAMA), central bank Governor Hamad Saud Al-Sayyari.

The Saudi economy has suffered weak oil prices and heavy costs from the 1991 Gulf War, and several economists have said the kingdom could face an economic crisis.

Sayyari, addressing a two-day meeting of the US-Saudi Business Council which started in Riyadh on Saturday, said: "And the government has almost no foreign debt."

Speeches delivered at the meeting were made available to Reuters in Dubai.

Earlier this year, Riyadh repaid a 4.5 billion US dollars sovereign loan which had helped meet Gulf War costs, and Commerce Minister Osama Bin Jaafar Bin Ibrahim Faqih reiterated in a paper to delegates Sayyari's positive outlook.

China may be popular with investors next yr

BEIJING, Oct 30: High-profile economic growth is likely to make China popular with investors next year, today's 'China Daily' reported, says Xinhua.

And the country's inflationary pressure may further relax, the State Information Centre predicts.

Xu Hongyuna, a senior economist at the centre, said that in 1996 the retail price growth, a major indicator of the country's inflation rate, will possibly reach nine per cent.

The goal, which Xu believes the central government is able to obtain, requires a cautious reform on prices, although the reform is crucial to free market access and to let the economy become fully market-oriented.

Xu, whose centre is under the State Planning Commission, noted that the maximum influence of the price reform over the retail price growth should not exceed three percentage points next year.

"Otherwise the price level will continue to spiral up to more than 15 per cent next year," he explained.

The government is expected to focus the reform on regulating farm and sideline produce prices according to a market mechanism. The focus will be especially aimed at setting the grain purchase price.



Prime Minister's Special Envoy M Morshed Khan addressing the Korean business delegation at his office yesterday. —PID photo

Morshed holds meet with Korean team

Special Envoy of the Prime Minister M Morshed Khan had a meeting with the visiting Korean business delegation headed by Kihak Sung, the Chairman of Bangladesh Korea Economic Cooperation Committee yesterday, reports BSS.

Morshed Khan apprised them of the infrastructural facilities available for foreign investment in Bangladesh. He said various reforms have been made including legal framework and tax structure to facilitate investment. He urged the Korean investors to extend their all-out cooperation for industrial and economic development of Bangladesh.

Kihak Sung said that Korea had always been for bridging the cooperation between the two friendly countries for mutual interest.

Leeson apologises to Singaporeans

SINGAPORE, Oct 30: After months of fighting a return to Singapore former futures trader Nick Leeson has apologised to its citizens for doubting their justice system and said he is ready to be judged in the island republic, says Reuters.

The 28-year-old Briton faces trial in Singapore on 11 charges related to the collapse of Britain's Barings Bank under the weight of some 1.4 billion US dollars in trading losses allegedly incurred when Leeson worked for the Barings Singapore operation.

Bonn concerned about US move to cut aid to South

NEW DELHI, Oct 30: A cut in contributions by advanced nations to multinational financial institutions would "dramatically" affect aid flow to developing nations and is a cause for concern, a German minister said here Sunday, reports AFP.

Klaus Jurgen Hedrich, the German Deputy Minister for Economic Cooperation and Development, said Germany was concerned about attempts by the United States to reduce its contributions to the World Bank and Asian Development Bank (ADB).

"The cutback in contributions can dramatically alter the aid flow patterns of the multilateral lending agencies particularly from the international development agency," said Hedrich, who is also Chairman of the board of governors of the ADB.

China and India are the biggest recipients of aid from the multilateral institutions, which are facing increasing pressure from donor nations to cut costs.

The issue of prosperous nations like South Korea, Taiwan and Hong Kong stepping up their contributions to the multilateral agencies was being studied, Hedrich said.

"Since Hong Kong will revert to China in 1997, there will be a peculiar situation of two parts of the same country sitting on divided lines — China as a recipient country and Hong Kong as a donor state," he said.

Hedrich also said Singapore was a headline state which did not believe in the

contributions of multilateral agencies. "It did not believe in the philosophy of external aid to nations," he said.

Germany, however, does not share this view and strongly believes that foreign aid is necessary for developing countries, he said.

Hedrich, on a visit to India, will meet Finance Minister Manmohan Singh and Commerce Secretary Tejendar Khanna. He will also visit Madras and Calcutta to assess projects being funded by the ADB.

Malaysia to buy 2.5 lakh MT of rice from India

DUBAI, Oct 30: Malaysia today agreed in principle to buy 2.5 lakh tonnes of non-basmati rice from India which has concluded a series of export agreements this year to come close to dislodging the United States as the world's second largest rice seller, according to PTI.

The 200 crore rupee deal, coming barely within a month of selling one lakh tonnes of rice to Iran, was concluded in Dubai between the State Trading Corporation of India (STC) and "Bernas", the sole government agency contracting rice imports for Malaysia.

India will supply 10,000 tonnes of rice for test marketing in Malaysia now and the final contract will be initiated in February next when details of delivery would be worked out.

Killing casts shadow over ME econ summit

AMMAN, Oct 30: The killing of a Palestinian militant cast a shadow over a Middle East economic summit which businessmen and politicians hope will approve projects worth billions of dollars to underpin an emerging peace, reports Reuters.

More than 1,000 businessmen and officials from 60 countries gathered for the three-day conference will be presented on Monday with a list of projects that aim to bring prosperity to a region impoverished by wars between Israelis and Arabs.

But the start of the conference coincided with calls by radical Palestinians for revenge for the killing of Fathi Shakaki leader of the Islamic Jihad Movement.

The Syrian based group responsible for a wave of suicide bombings against Israelis said Israeli agents shot Shakaki in Malta last Thursday, Israeli Prime Minister Yitzhak Rabin welcomed his death but would not say if Israel killed him.

Rabin dismissed reporters questions about Shakaki, oh, leave it aside. We deal with the major problems of peace in the Middle East, he said after meeting Jordan's King Hussein.

First day of Amman economic summit Japan, Jordan sign \$151m loan accords

AMMAN, Oct 30: Japan signed two loan agreements worth 151 million dollars with Jordan Sunday on the first day of an economic summit here, reports AFP.

One loan of 135 million dollars, co-financed by the Export-Import Bank of Japan and the International Monetary Fund, will be used to implement economic reform in Jordan, the Japanese Bank said in a statement.

The other loan of 16 million dollars, granted in association with the World Bank, will go towards expanding Jordan's telecommunications network.

Hiroshiyasuda, Governor of the Export-Import Bank of Japan, and Jordan's Ministers of Finance and Planning, Bassel Jardaneh and Rima Khalaf, signed the deal on the sidelines of the economic conference.

The loans are part of the 200 million dollars pledged by Japanese Prime Minister Murayama when he visited Jordan in September, the statement said.

Businessmen and officials from Japan, as well as China and South Korea, are among

the 2,000 delegates attending the three-day Amman summit.

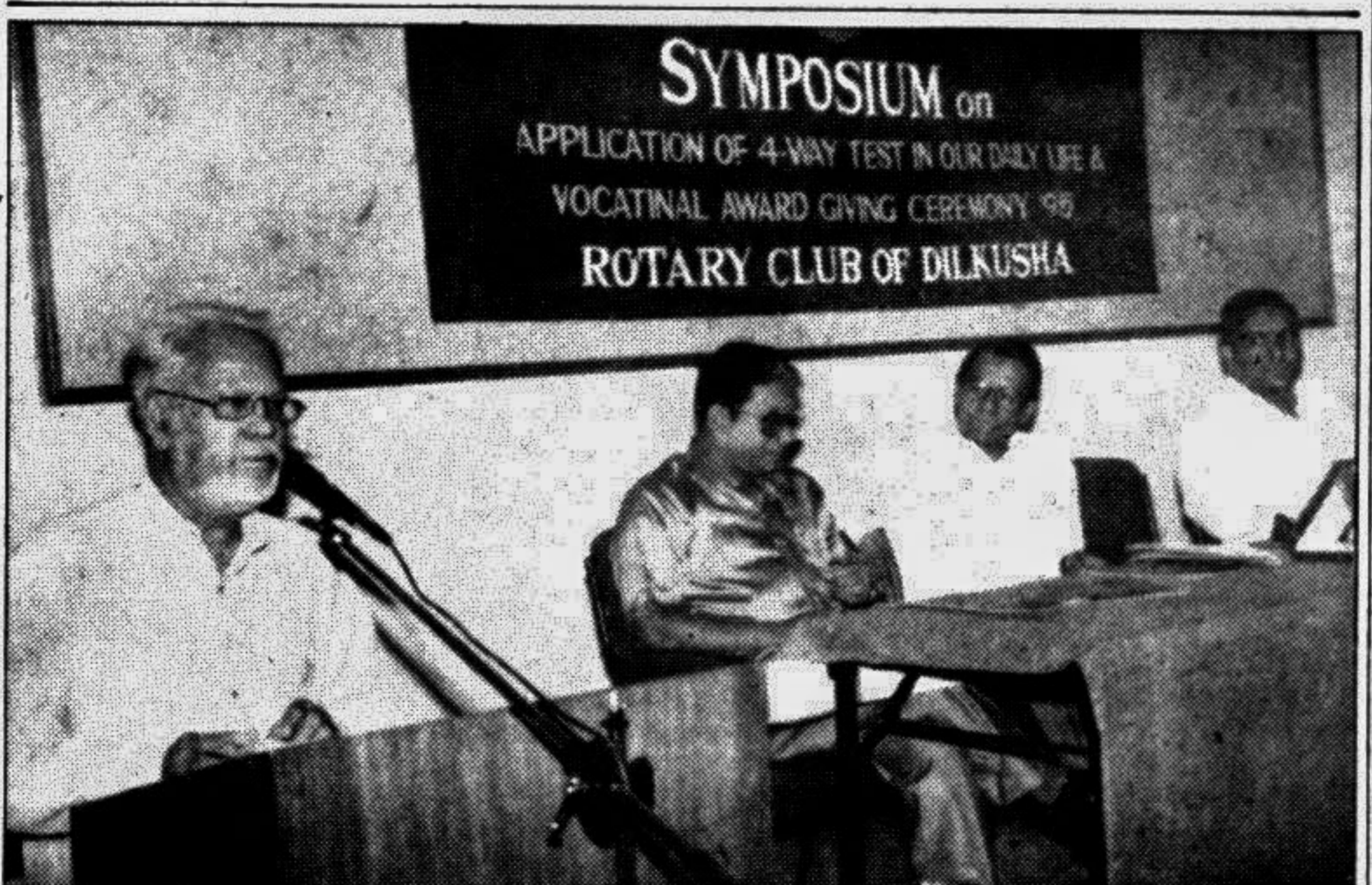
Beijing to continue economic cooperation

Xinhua says: China reiterated here yesterday that it will continue to support the Middle-East peace process and countries in the region in their efforts for regional economic cooperation.

Chinese Deputy Foreign Minister Tian Zengpei, who led a Chinese government delegation to the economic summit which opened here yesterday, put forward a five-point proposal at the plenary session for enhancing political stability and boosting economic development in the region.

He pledged that Beijing will continue its economic cooperation with and provide assistance to countries in the region.

Tian, whose delegation also includes 12 businessmen, said that the Chinese businessmen here at the conference are ready to have contacts and discussions with other participants on issues of mutual interest.



Rtn Azizul Haq speaking at a symposium on 'Application of 4-way test in our daily life and vocational award giving ceremony '95' organised by Rotary Club of Dilkusha at WVA Auditorium in the city yesterday. Also seen seated are Rtn Prof Jalal U Ahmed, Rtn Prof M Moniruzzaman and Rtn Kazi Wahidul Alam. —Star photo

Annual growth rate 5.8 pc: UN report

Social disparity raising urban population in Bangladesh

Poor population in the country's major cities is increasing very fast because of social disparity, creating heavy strain on limited public utilities, reports UNB.

According to a UN body's report, urban population in Bangladesh is over 23 million — only 20 per cent of the total population — but the annual growth rate of 5.8 per cent is one of the highest in Asia. Urban growth in larger metropolitan areas is nine per cent.

Presently, out of the total population living in urban areas, approximately half — some 11.45 million — can be defined as poor, and 6.67 million are hard-core poor.

According to World Bank definition, the "poor" are

those who earn less than Tk 2,600 per month for the average family group of six persons while the "hard-core poor" earn below Tk 1,724 a month.

But if the present trend continues, the number of the poor who live in slums and squatter settlements and on streets and pavements will be 25 million by year 2000, said the UNICEF report.

The estimated total poor of Bangladesh will outnumber the entire population of countries like Sweden, Norway and Denmark.

For a family of six, an amount of Tk 2600 per month is needed to fulfil basic needs of food, clothing, housing, healthcare and edu-

cation while Tk 1724 can only be enough to keep the family on the borderline of starvation and to pay minimal amounts towards meeting other basic needs.

The UNICEF report says society blames the urban poor for most of the petty crimes and other anti-social activities, including prostitution and begging.

But, it observed, many urban poor are forced into crime because they have no regular job, income is insufficient to keep themselves above the starvation level and are trapped in a vicious cycle of poverty, deprivation and social ostracism.

The urban poor are engaged in drudgery like newspaper delivery, driving or

rickshaw pulling, house cleaning, cooking, plumbing, rubbish collecting and other activities.

Despite the fact that the slums provide labour and services essential for the functioning of city life, there are few attempts at reaching the benefits of development to urban poor, said the UNICEF report.

The urban poor pay very high rents per square foot for poor quality housing as only 10 per cent of the houses are concrete, the remaining 90 per cent being made of bamboo, old tin sheets, polythene, bags and other scrap materials.

The average size of houses is of 30-60 square feet,

smaller than a garage in a middle-class home, services such as safe water, garbage disposal and latrine are extremely poor or non-existent and the living conditions of the urban poor breed disease, tension, violence and other social problems.

On the migration pattern of the poor, the UNICEF found that the rural-urban migration rate in Bangladesh continued unabated even though the urban poor are deprived of most basic services.

The majority of migrants head for few big metropolises like Dhaka, Chittagong and Khulna. The capital attracts the highest number of migrants. The major reasons for migrating are landlessness,

river erosion and unemployment.

Migration by poor villagers is usually permanent and involves the displacement of the whole family, the report said. This means that slum and squatter families become a fixed part of the city population.

Commenting on government policy on urban growth, the UNICEF report said there is no explicit policy on urbanization in Bangladesh.

Such policies that do exist are based on the assumption that urban poverty is an offshoot of rural poverty. The expectation is that rural poverty alleviation programmes will ultimately slow down rural urban migration.