

President's message Dhaka trade fair to help gear up industrialisation

President Abdur Rahman Biswas has expressed the hope that the Dhaka International Trade Fair would contribute towards industrialisation and export development of the country, reports UNB.

"I believe that this fair will provide opportunities to both local and foreign buyers and sellers for effective business discussion and exchange of commercial ideas," he said in a message ahead of the fair, which starts on Monday.

The President said such an international exposition not only helps in market development of locally produced goods, but also creates opportunities for transfer of technology through display of foreign goods and machinery.

He congratulated the organisers of the fair and hoped that their efforts would be strengthened and consolidated in the days to come.

President Biswas also wished all success of the annual trade fair.

Average human's share of world income rises: WB

WASHINGTON, Jan 1: The World Bank estimates that the average human's share of the world's income was 4,600 dollars in 1994, about 45 dollars higher than the year before and the first increase after three years decline, reports AP.

The worldwide figure embraces every living person from computer software tycoon Bill Gates, whose estimated net worth was 13 billion dollars, to a peasant family's newborn in Ethiopia, where incomes have declined every year since 1985 and averaged 130 dollars in 1994.

The estimate appears in "The World Bank Atlas 1996," made public Saturday, a booklet of figures and financial computations that gives an overview of the state of the world in dollar figures.

Bank experts compute average incomes by totalling the value of everything produced in 159 countries, then dividing each country's total by the country's population. They call the result "gross national production per capita," which is generally used as the measure of average income. The world income figure combines the 159 results.

The figure does not give actual income in most cases. An Ethiopian earning 4,600 dollars in a year would rank among the country's few wealthy. Instead, the average income figured every year gives economists a guideline to measure a country's progress or lack of it.

Figures in the new list range from the 130 dollars of an Ethiopian to the 39,850 dollars of the affluent Luxembourg. The average for that little country nestled among Belgium, France and Germany is skewed by high incomes of companies registered there to take advantage of Luxembourg's liberal tax laws. Luxembourg has only about 400,000 residents, and most stock in the tax sheltered companies is owned elsewhere.

6 BCIC fertiliser units raise production

The six urea fertiliser factories under BCIC produced 10,60,209 metric tons of urea during the first six months of the current fiscal year, registering an increase by 55,212 metric tons than that of corresponding period of last fiscal year, reports UNB.

The production for the same period of 1994-95 was 10,04,997 metric tons, said a BCIC press release issued here on Sunday.

Supply of urea also increased by 1,48,168 metric tons during the period as 9,83,606 metric tons of urea were supplied against 8,35,438 metric tons during the same period of the last financial year.

In this period, the demand projection of Ministry of Agriculture was 9,10,000 metric tons.

To cope with possible shortfall in the supply and price-hike in remote areas, buffer stock has been made at various strategic locations UNB.

and by now stock of 92,420 metric tons of urea has been built up in 15 such areas.

The areas are: Roosevelt Jeety and Shiromoni in Khulna, Bogra, Mohendranagar, Gaibandha, Rajshahi, Joypurhat, Thakurgaon, Bhagaban, Parbatipur, Takerhat, Shantahar, Rangpur, Brahmanbaria and Kaliganj.

The six urea Fertiliser Factories have now a total ready stock of 2,14,479 met-

ric tons of urea, the release added.

Chittagong urea Fertiliser Ltd went into scheduled 45 days overhauling during the last week of October which was completed eight days ahead of the schedule.

Zia Fertiliser Company Ltd was shut-down on October 19 for undertaking certain urgent repair-work, and resumed its normal operation from October 31. At present, all the urea factories are running "virtually" at full capacity.

Due to failure of one RTB (Refrigeration Turbo Blower) of Urea fertiliser Factory Ltd Ghorasal, the full capacity utilization of this factory can not, however, be achieved.



Poet Shamsur Rahman (C) attended as chief guest the publication ceremony of Bangladesh Tobacco Company's 1996 calendar commemorating the Silver Jubilee of the Independence of Bangladesh at a city hotel yesterday. — Star photo

Manila removed from IMF's special aid list

MANILA, Jan 1: The International Monetary Fund (IMF) has removed the Philippines from a list of nations requiring special Balance of Payments (BOP) assistance from the Fund, reports Reuters.

Central bank Governor Gabriel Singson said the IMF has informed him that Manila is no longer eligible for the enhanced structural adjustment facility (ESAF), low interest loans extended to low-income nations facing protracted BOP problems.

Countries which use the ESAF must institute tough macroeconomic and structural policies to revamp the economy.

The IMF said the Philippines' per capita income in 1994 had risen to 960 against 770 US dollars in 1992. The cut off point for IMF assistance under ESOF is at 865 US dollars.

The Fund said economic progress made under the government of President Fidel Ramos has enabled the Philippines to move closer to ending IMF assistance in supervising its economy.

Investors' Education Programme at SEC 'Capital market to get a fillip soon'

Private sector portfolio managers and mutual funds, including foreign firms, are flocking soon to the country's capital market to give it a fillip, reports UNB.

"These will come very soon," said Dr A K M Shahab Alam, member of the Securities and Exchange Commission (SEC), conducting a session of the Investors' Education Programme in the SEC conference room on Sunday.

State-run Investment Corporation of Bangladesh (ICB) is now doing the portfolio management functions and has floated seven mutual funds. But, according to the investors participating in the session, their service is not satisfactory.

Said Dr Alam: "In fact, a number of merchant banks and portfolios are required for smooth functioning and bringing efficiency in the capital market."

Officials, however, said regulations formulated by the SEC for portfolio management and mutual funds in private sector had been awaiting approval from the Law Ministry for months.

Starting from August this year, the SEC so far has conducted 13 sessions under the Investors' Education Programme to help investors acquire knowledge of different aspects of the securities market.

A total of 324 investors — from groups like business-

men, housewives, students, servicemen, journalists, physicians and retired government officials — participated in the programme.

After the opening remarks by SEC Chairman Sultan-uz-Zaman Khan, Dr Alam explained various aspects of the capital market and told the participants how to invest on shares and responded to their queries.

Khan said the Commission was enforcing the compliance with the laws regarding listed companies and the capital market to ensure that everybody follows the rules of the game.

Pinpointing the steps taken by the SEC to streamline the stockmarket, Dr Alam said the Commission would take punitive action against those listed companies which would not provide half-yearly accounts to the shareholders from 1996.

Dr Alam also informed that the SEC was also taking steps so that the applicants could get their allotment letters or the refund warrant within the stipulated 40 days from the closing of subscription.

On the allegation that not all banks are giving loan against share certificates as instructed by the Bangladesh Bank, the SEC member said they were persuading all the banks to provide credit against share certificate to meet the liquidity crisis in the market.

S'pore economy grows by 8.9 pc in '95

SINGAPORE, Jan 1: Singapore's economy grew by 8.9 per cent in 1995, applying the brakes on two years of double-digit expansion, Prime Minister Goh Chok Tong said yesterday in a new year's message to the nation, reports AFP.

The year-on-year growth was above the 8.0-to-8.5 per cent forecast by the government but in line with analysts' expectations. Singapore's gross domestic product grew 10.1 per cent in each of the past two years.

The economy picked up momentum in the fourth quarter after growing by 8.3 per cent in the first nine months, the figure indicated, unless previously-released figures had been revised.

Goh said the slower but more sustainable growth in 1995 offered "a welcome relief to cost pressures."

"All major sectors registered good growth. Overall wages grew by seven per cent against a low inflation of 1.8 per cent," he said.

Singapore attracted a record 6.8 billion dollars (4.85 billion US) in manufacturing investment commitments in 1995 against "very keen global competition," mainly in high value-added chemicals and electronics, he said.

In 1996, the city-state's economy, powered by manufacturing and external trade, is projected to grow more slowly at 7.0-to-8.0 per cent.

"The global environment is likely to remain favourable in 1996," the 54-year-old premier said. "But our key markets in the US and Asia may grow more slowly," he warned.

"While Japan is recovering, there are concerns over the pace of its structural reforms and its financial problems," he said.

New chairman of Thai Airways

BANGKOK, Thailand, Jan 1: The head of the Thai Air force was appointed chairman of Thai Airways International, the country's flag carrier, on Tuesday, returning the airline to military leadership after a three-and-a-half year hiatus, reports AP.

Air force commander Air Chief Marshal Siripong Thongyal was elected at the first meeting of the airline's newly appointed Board of Directors.

From Thai Airways' inception three decades ago, the airline's articles of association mandated naming the air force commander the airline's chairman.

But in 1992, after soldiers shot down nonviolent pro-democracy demonstrators in the streets of Bangkok, an anti-military backlash allowed a reformist interim government to change the rules and appoint the first civilian chairman.

New BA service

British Airways have launched a new service for First Class, Club World and Gold Executives Club Passengers, says a press release.

A new Baggage Drop Facility is now available at the BA Office located at Gulshan in the city.

Passengers can drop their baggage and receive a seat allocation at the convenient Gulshan location between 1100-1500 on the day of departure. Yet another enhancement to the services available to passengers travelling from Dhaka.

Iraq signs oil accord with Jordan

BAGHDAD, Jan 1: Iraq signed an accord with Jordan here Saturday to sell 3.2 million tonnes of crude oil in 1996, under a special exemption to the UN embargo, Oil Minister Amer Rashid announced, reports AFP.

General Rashid said his country would also supply Jordan with 1.2 million tonnes of oil derivatives, under the deal signed by the Secretary General of Jordan's Energy Ministry, Ahmad Bashir, and Iraqi Deputy Oil Minister Taha Mahmud Mussa.

The oil is to be delivered by tanker-trucks, said Bashir, adding that studies for the construction of a pipeline had been completed "but no date has yet been set for the start of work."

Rashid told reporters that Iraq had given its approval in principle for the construction of both a pipeline between the two countries and an oil refinery in the Jordanian port city of Aqaba.

Saddam launches austerity measure

Another report says, President Saddam Hussein launched an austerity campaign yesterday to curb the decline of the Iraqi currency, reeling under UN sanctions, the official news agency INA reported.

"To improve the economic situation and the exchange rate of the dinar, we need to re-examine certain projects which figure on the state budget," he told a cabinet meeting.

Israel pays \$ 4m in damages to Palestinians

JERUSALEM, Jan 1: Israel paid four million dollars in damages in 1995 to Palestinians hurt by security forces during the 1987-1994 uprising in the occupied territories, the government said today, reports AFP.

The payout covered only a fraction of damage claims filed by the families of Palestinians wounded or killed by Israeli security forces during the protests against Israeli rule in the occupied West Bank and Gaza Strip.

More than 1,200 Palestinians were killed and tens of thousands hurt during the six-year uprising known as the intifada.



New executives of Peoples Insurance

Nurul Islam Patwari and Engineer M A Taher have been elected chairman and vice-chairman respectively of the Board of Directors of Peoples Insurance Company Limited for the year 1996 at a meeting held on Thursday, says a press release yesterday.

Nurul Islam Patwari, a renowned industrialist in the jute sector, is the Managing Director of Sonali Aansh Industries Limited, Sonali Aansh Trading (Pvt) Ltd, All-Jute Mills Ltd, Marine Fish Processing Limited and Nip International.

Engineer M A Taher is a renowned industrialist in the Garments Sector and Leather Industry of the country. He is the Managing Director of Fortuna Group.

Indonesia's inflation running at 8.6 pc

JAKARTA, Jan 1: Indonesia's economy grew an estimated 7.1 per cent in 1995 with inflation running at 8.6 per cent, President Suharto said in a televised year-end message, reports AFP.

During 1995, the growth rate of the national economy is projected at more than 7.1 per cent... the inflation rate has been pressured down to 8.64 per cent, he said in his late Sunday broadcast.

He said the challenge facing Indonesia in 1996 was not how to boost growth but to assure that high growth does not overheat our economy.

Tighter supervision on lending by non-banking financial institutions has been imposed.

Suharto said the amount of credit issued by banks had grown by more than 20 per cent in 1995, sparking a consumer boom and increasing imports, he said.

Forex market in Bangladesh

By Mamun Rashid

In keeping with the government's reform policies of trade liberalisation, export orientation and deregulation of exchange market, Bangladesh Bank made Taka convertible in October 1993. In fact, the central bank has been liberalising the foreign exchange restrictions for last three years. All these steps have come in phases, giving the market the breathing space to adjust to the changes. In order to activate the market and develop interbank transactions, Bangladesh Bank widened the gap between their selling and buying of US dollar against Taka. Gradually it stopped quoting spot buying and selling rates for currencies other than US dollar and left the commercial banks to decide on this. Afterwards it also stopped quoting forward rates. However, Bangladesh Bank still 'advise' rates every morning to the authorised dealers i.e. banks. They are expected to cease to 'advise' and allow the market to find its own level, sometime in 1996.

All these led to the emergence of an interbank market. Since the convertibility of Taka an amount totalling one billion US dollars (monthly average 84 million US dollars) was traded in the interbank market during 1994 while the figure reached almost 2.2 billion in 1995.

The very essence of convertibility is the easy availability of forex funds. Most believe that purpose is more or less served now. Foreign exchange is now being made available to all the people in order to meet their needs for education, medication, travel purposes as well as family expenses. For the overseas investors, Taka is almost convertible for the capital account. They can put in any amount of money any time and take it back any time. Banks are being pushed to quote real market rates to their important and valuable clients. Taka was being quoted at a premium against US dollar in the forward, looking at the excess liquidity position in the market and low call money rate. Now it is being quoted at a discount against US dollar because of sudden rise in the call money rate and shrinkage in the market liquidity.

Convertibility of Taka, which led to easy availability of foreign exchange, also reduced people's dependence on the black market or secondary exchange market. Black market premium is also going down every day. More people are using the banking channel for inward and outward remittances. Taka is also maintaining very stable position against foreign exchange. Overseas operators are gradually getting interested in taking exposure in Taka instead of foreign exchange. Previously, banks used to settle all their payments in US dollar though the LCs were opened for import from Japan, Germany, Singapore or the UK. Now they are more accustomed to the volatility of currency market and dependent on their treasury departments for settlements for payments in original currencies in which payments have to be settled. Almost 15 banks have taken Reuters money-line service to keep themselves in touch with every-moment change in the global market, while six banks including Sonali Bank have set up dealing rooms. Some banks have also opted for taking Reuters dealing system, giving instant access to international market and pricing which is likely to come by March '96. They are also preparing to install SWIFT to smoothen

payments and receipts of funds. Now the branches as well as clients can directly contact their respective dealing rooms for finer rates.

Though the world market runs on spot basis (i.e. effective on second working day), Dhaka's interbank market runs mostly on cash basis i.e. same day value. However, there are some deals done on spot basis mostly by the foreign banks. Interbank forward market is also growing gradually. Forward premium is the interest rate differential between Taka borrowing and foreign currency deposits.

Most of the deals done in Dhaka are cover deals, that is, to cover buying-selling of the clients or banks as well as some leading nationalised banks. Having been in touch with the market changes a dealer can keep his position open during the day and make best use of market changes by taking a view of the movement of the currencies. However the dealer can cover the position at the end of the day. But banks here always tend to take a conservative stance and keep their position within prescribed limit set by the Bangladesh Bank. Here the scope for running a long or short position is rather limited due to limits set by Bangladesh Bank on the open position. Nevertheless banks have developed a distinct preference to maintaining a long position in dollar/Taka due to apprehension of any moment downward adjustment of the Taka against US dollar. In other currencies they mostly maintain square position. Due to lack of proper knowledge about the market and access to global information, dealers are yet to do any forex trading, but eventually it might start on a limited scale, as is the case with neighbouring countries while one leg of the forex deal should be in the home country.

At present open exchange position limit is being set on the basis of LC outstanding of various banks. However, efforts are on to relate the open position to the capital base of the bank. Individual banks specially the foreign banks looking at the volatility of the major crosses are also setting separate dollar/Taka and dollar/crosses limit for their treasuries. All these are set within the limit prescribed by the central bank. Most of the deals taken effect in the local market are spot or forward by nature. However swaps are being done to bridge the forward payments. To match the customer needs in future, the dealers are also trying to prepare themselves to deal with derivative products.

Bangladesh's forex market is yet to take a shape. The Bangladesh Bank was prudent to liberalise the market gradually. However, bankers are yet to cope with the changed scenario. Foreign banks have set up independent treasury divisions to manage their assets and liabilities both in local and foreign currencies. Some of the local banks have also progressed in this regard. Others to follow. However, one good indication is that the managements of the banks have started to realise that. The Bangladesh Bank is directing its efforts towards developing a competitive market, including full convertibility of Taka in near future. But it is essentially related to the overall economic scenario of the country. Once the economy starts rising, investment will also rise, necessitating better funds management by the corporate sector as well as the banks.

(The writer is Treasurer of Standard Chartered Bank, Bangladesh)

Government of the People's Republic of Bangladesh
Office of the Executive Engineer (R&H)
Road Division, Dinajpur.

Tender Corrigendum Notice

Sub: Work of Sealcoat at different sites of different roads under Dinajpur Road Division during 1995-96 financial year in 2 (two) groups as per group list Tender No. 15 EE/DRD/1995-96.

It is hereby notified for information of all concerned that, under unavoidable circumstances, the dates of selling, receiving, opening & lottery of the tender invited vide this office Memo No. 1983/1(22) dt. 12-12-95 are changed as mentioned below. Other terms & conditions of the tender remain unchanged. This notice will be treated as integral part of the tender.

A) Last date of selling tender (During office hours) : Up to 10-1-1996.
B) Last date of receiving tender : 11-1-96 up to 12-30 PM.
C) Date & time of opening tender box : 11-1-96 up to 12-45 PM.
D) Date & time of opening tender : 15-1-96 at 11-00 AM.
E) Date & time of lottery: 21-1-96 at 11-00 AM.
(Subject to requirement)

Md. Lutfar Rahman
Executive Engineer (R&H)
Road Division, Dinajpur

Sub-Assistant Engineer (R&H)
Road Division, Dinajpur

DFP-32802-30/12
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Richard Engelmann, Manager for Bangladesh, Ellen Salam, Airport Manager, M A Khan Ronju, CSO and passenger Tunon along with the airport team.