#### **Transfin Trading Limited**

100, Kazi Nazrul Islam Avenue, Dhaka-1215 Telephone: 815306-09, 819625-29, Fax 813062

# DThe Baily Star DUSINESS

CARS THAT MAKE SENSE

India may give

Nepal transit

facility to use

Bangladesh port

Nepalese Prime Minister

Sher Bahadur Deuba said

here Tuesday that Indian gov-

ernment has responded

favourably to his proposal for

alternate transit routes for

using port facilities of

ference Deuba who is here on

a six-day official visit said.

"We have put forth our pro-

posal to the Indian govern-

ment regarding the transit

issue." India is sympathetic to

our needs, he said adding the

modalities will be finalised at

the official level meeting be-

The Nepalese Prime Min-

ister who sounded optimistic

in getting Indian transit facilities for use of Bangladesh

port facilities expressed the hope that the matter would

of Nepalese hostility towards

India, he said, "It is only in

Indian press and not in

Nepal." As a small country,

Nepal "will never pose as a

der trade, Deuba sald, "as it

was not in the agenda, there

tioner that Nepal will never

allow its land to be used for

anti-India activity as both

countries had cordial and

Business briefs

tralian firm Tubemakers ex-

pects its third and latest

Chinese investment will con-

solidate its position as a sup-

pher to the automotive indus-

1:10 not just in China but

50 partnership between

Tubemakers and Britain's TI

Group, has invested 3 million

US dollars into a factory in

the central eastern Chinese

city of Wuhan to supply brake

and fuel line systems to an

joint venture investments in

Zealand scientists have been

contracted to plan sophisti-

cated biotechnology research

to exploit the natural re-

sources of Malaysia's rain-

A manager of the company

leading the project said the

research may lead to business

opportunities for New Zea-

land companies to process

the Malaysian state of Sara-

institutes has put together a

plan for Sarawak Natural Re-

consortium leader, and its

business development gen-

eral manager, Geoff Todd,

said Tuesday that if the first

phase worked, he understood

the consortium would get a

335.000 dollars (500,000 NZ

dollars) annual contract to

organise a pilot research

A consortium of science

Industrial Research is the

wak's raw materials.

source Park.

forests.

BAP is also eyeing future

WELLINGTON: New

adjacent Citroen plant.

Bundy Asia Pacific, a 50-

BEIJING, Feb 14: Aus-

On Indo-Nepal open bor-

He told another ques-

security threat for India."

was no discussion on it."

friendly relations.

around the world.

Responding to a question

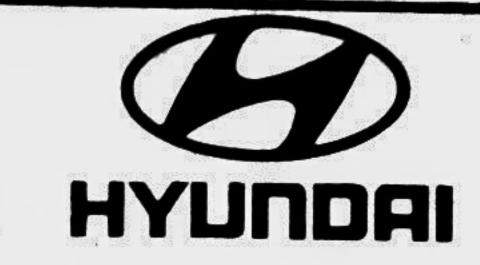
tween the two countries.

be finalised soon.

Addressing a press con-

Bangladesh, reports BSS.

NEW DELHI, Feb 14:



#### Agrani Bank increases interest rates

Agrani Bank has increased the interest rate of savings account and other fixed deposits for facilitating country's overall savings with immediate effect, says a press release.

The interest rate for savings account has been elevated to seven per cent. The newly introduced interest rate for fixed deposits of different terms have been increased from highest 7.25 per cent and lowest 6.25 per cent to highest 8.50 per cent and lowest 7.50 per cent.

Besides this interest rate for SNTD has increased to 5.50 per cent. The interest rate for Agrani Pension Scheme is 10 per cent for five years, and 12 per cent for 10 years will remain unchanged.

#### UAE plays down effect after Iraq's return to oil market

ABU DHABI, Feb 14: The United Arab Emirates (UAE), a key OPEC producer, yesterday played down any effect after Iraq's return to the oil market, reports AFP.

Acting Oil Minister Rakad Ibn Salim Iban Rakad, quoted by the local press, said the world market could absorb oil exports by embargo hit Iraq if Baghdad reaches an oil-for-food agreement with the United Nations.

"Iraq's return to the market is normal and its effect on prices will be limited as they are now determined by the consumers not producers," he said.

"The UAE has no fears about such a return because the market can absorb Iraq's production set by UN resolution 986."

Iraq and the United Nations opened talks in New York last week on implementing resolution 986. which allows Baghdad to export two billion dollars worth of crude over six months to buy food and medicine for its people.

#### Brazil posts \* 3b deficit in January

BRASILIA, Feb 14: The government posted a budget deficit of nearly three billion dollars in January, a sum three-quarters the size of the shortfall for all of 1995, the treasury reported Tuesday, according to AP.

Treasury Secretary Murilo Portugal said that falling revenues, higher payroll costs and increased interest payments on the internal debt were to blame.

The government collected 6.55 billion dollars in January and spent 9.38 billion dollars, leaving the deficit of 2.85 billion dollars, Portugal

experience will be considered.

Project

In 1995, Brazil's treasury ran up a 4.1 billion dollars deficit - 380 per cent greater than a year earlier.

## IFIC Bank waives Tk 4.38 cr interest of raw jute traders

ing of the Board of Directors held recently in the city.

The two other banks, namely Uttara and Pubali, which were also to waive the interests and reschedule the liabilities of the raw jute traders are still to implement the decision, the sources

Punishment for software piracy

SINGAPORE, Feb 14: A court has ordered a Singa: porean accountant to pay Lotus Development Corp. 2.3 million dollars for selling pirated copies of the company's software, reports AP.

would have been eligible to receive a 38.38 crore Taka waiver of interests, of which Uttara Bank would have to waive Tk 8 crore, Pubali Tk 26 crore and IFIC Tk 4.38

We have requested both Uttara and Pubali banks to implement the government decision as early as possible." Khan said.

## New hydrocarbon province opening up in Bay'

ON BOARD RIG "RON TAPPMEYER" (Bay of Bengal). Feb 14: The governmentTues day officially announced the discovery of a new, very big gas reserve in the Bay, some 25 kilometres south-west of Chittagong port city, reports

Energy and Mineral Resources Minister Dr Khandaker Mosharraf Hossain made the announcement from on board the rig "Ron Tappmeyer". engaged in driling at Sangu-1 well in the offshore Bangladesh Block

Cairn Energy PLC of Scotland and its subsidiary Holland Sea Search Bangladesh BV found the reserve of gas on February 4 after over oneand-a-half month of drilling in the sea, first such venture in the country.

"The discovery is of major significance of Bangladesh opening up a new hydrocarbon province in the south and west." said the minister. flanked by Energy Secretary Faizur Razzak, British High Commissioner Peter J Fowler and senior officials.

**Titas Gas Transmission** 

& Distribution Co. Ltd

(A Company of Petrobangia)

105, Kazi Nazrul Islam Avenue, Dhaka-1215

**Invitation of Tender** 

the Gas Pipeline Contractors (individually or jointly)

under category 1.3 and 1.4 enlisted with the Company for

the year 1995-96 having minimum experience of

construction of 6 KM long 8" or above dia gas pipeline in

a single project. In case of joint bidding prime bidder's

Construction of 12" dia x 150 PSIG 18 KM

Tender documents will be sold at a non-refundable cost

of Tk 2000 (Taka two thousand) only per set from-

Company's Accounts Department and Accounts

Department of PETROBANGLA, BAPEX, BGFCL,

RPGCL, BGSL, JGTDSL & SGFL on all working days

between 9:00 hours to 13:00 hours from 02.3.96 to

11.03.96 and shall have to be dropped in the tender box

located at Pipeline Construction Department of

Company's Head Office and Head Offices of Petrobangla

& its other Companies mentioned above latest by 11:00

hours on 12.03.1996 with earnest money @ 2.5% (two

and half per cent) of the quoted amount in the form of

Bank Draft/Pay Order from any scheduled Bank of

Bangladesh and other necessary documents regarding

tender. Tender shall be opened on the same day at 11:30

hours, in presence of the tenderer(s) if any. If this day

happens to fall on a holiday tender will be opened on the

next working day. No tender document will be sold on the

date of opening of tender. All other information are

or all the tenders without any liability or assigning any

" भाइ लाभान भारकत भतिष्ठवां कक्रन এवर भतिरवय वाठान - প্रधानप्रद्वी"

The company reserves the right to accept or reject any

Deputy General Manager

Pipeline Construction Department

enclosed within the Tender Documents.

reason whatsoever.

Titas/PR-87/95-96

Distribution Main Pipeline from Dhanua to Rajendrapur

Crossing on the Mymensingh-Dhaka Highway.

Sealed tenders are invited for the following project from

The new discovery in the Bay of Bengal, the country's 19th gas field, shortly after another discovery in Bhola, extends the known hydrocarbon prospective area from eastern part to the south and

west of the country. Dr

Mosharraf said.

'A portion of the main gasbearing zone was tested at a maximum stabilised rate of 50 million standard cubic feet of gas per day (MMSCFD) on a one-inch choke with a wellhead pressure of 2405 pound per square inch.

Another shallower zone. 2600 metre beneath the sea. was also tested and flowed at a maximum stabilised rate of 32 MMSCFD with a flowing wellhead pressure of 1434 pound per square inch.

The energy minister witnessed a flare-up of the well to have an idea about the reserve in the new field.

Although the gas reserve will be assessed after another well is drilled five kilometres north of the Sangu-1 well. the experts of both Petrobangla and Cairn Energy believe it would be the

largest gas reserve in Bangladesh

As the cumulative gas flow of the two layers is very high - a total of 82 MMSCFD achieved on tests - the reserve might be the largest one in the country, experts told newsmen on board the rig at the drilling site.

Both the Cairn and Petrobangla experts are optimistic that the commercial development of the field could be started shortly if the reserve is found commercially viable, to be known within 45 days from now.

The commercial production will require a pipeline up to the Chittagong port city, permanent platform and extraction machinery, needing an investment outlay of 200 million US dollar in next

two years.

Until the new discovery in the Bay, the country has a recoverable proven gas reserve of 10 trillion cubic feet (TCF) which could meet the gas demand up to the year 2010 at the current level of consumption.



Sayedabad Bus Terminal during hartal hours yesterday.

-Star photo



Mahe Alam, Secretary, Ministry of Labour and Manpower, seen handing over a cheque for Taka two lakh as death settlement claim to Bilati Begum, widow of Abdul Monnaf, a Bangladeshi worker who died in Saudi Arabia recently. The deceased paid only Taka one thousand as premium under the Group Insurance policy of Delta Life Insurance Company Ltd. for overseas Bangladeshis. Kazi Fazlur Rahman, Adviser of Delta Life Insurance and Abdur Rouf, Secretary, Ministry of Labour and Manpower were also present.

#### Foreigners married to Malaysian girls will now get work in KL

KUALA LUMUR, Feb 14 Malaysia has agreed to allow foreigners married to Malaysian women to work in the country labour shortage, reports said today, according to

The decision came a month after the government allowed foreign women married to Malaysian men a similar privilege.

Deputy home minister Megat Junid Megat Ayob said foreign spouses would be issued work passes renewable yearly, and they would be cancelled if the couple divorced.

Those who qualify will be given work passes for professional and technical posts while other workers will receive a visitor's pass for temporary work," Megat Junid was quoted by The Star daily as saying.

The deputy minister last month announced that foreign women married to Malaysians were allowed to work here but did not extend the privilege to foreigners who married Malaysian women. Megat Junid said Tuesday

that Malaysia could employ fewer expatriates if it allowed foreign spouses to work in the country. About 40,000 expatriates were employed last year.

Prime Minister Mahathir Mohamad recently said foreign husbands could provide the expertise the country needed.

Mahathir said last month that the number of foreign workers was expected to double to 2.3 million by the end of the decade if the trend was not checked.

### Clients gherao bank managers in Bandarban kept them confined for more

BANDARBAN, Feb 14: Angry clients gheraoed managers of the local branches of Agrani and Pubali Bank today as the banks failed to encash their cheques for want of cash, reports UNB.

Bank officials said transactions in most branches nearly stopped as the Sonali Bank could not draw money from the Bangladesh Bank in Chittagong in favour of other scheduled banks here due to disruption in transportation in last few days.

Witnesses said the clients whose cheques were re-

turned in last two days gheraoed the two branch managers this morning and then two hours. Road communication be-

tween the district headquarters and other places remained snapped after transport workers kept their vehicles out of the road from Monday fearing those would be used by police during the election. The communication was also disrupted due to the opposition-enforced blockade and hartal.

Officials said the local banks will run short of money until Sonali Bank brings cash from Chittagong after the election.

National dailies also did not reach the district for the last two days

#### Production in Pakshi Paper being hampered SIRAJGANJ, Feb 14: Pro-

duction in Pakshi Paper Mills is being hampered due to inadequate water following drying up of the Ganges with the beginning of current season, reports UNB.

The only paper mill in the northern region, situated on the bank of the Padma, needs 22,000 to 25,000 metric tons of water daily for continuing smooth production.

The per day production of the mill reduced to 30 metric tons, from the actual capacity of 40 metric tons, official sources said.

Since the establishment of the mill which produces white paper from sugarcane wastes, water was being supplied through pipeline from a deep tubewell sunk at a pontoon near the river.

But due to unilateral withdrawal of Ganges water by India at Farakka, the flow of water decreased abnormally during the recent years. Moreover, enormous shoals emerged at the mouth of the pontoon.

For this reason, six shallow tubewells were sunk to face the emergency situation. The mill authorities made

temporary dredging arrangement to continue the supply of water and spent some Taka 2.22 crore from 1989 upto the current year.

But this season, dredging work is yet to start as the dredger is busy at Bheramara ferry ghat.

According to Water Development Board sources, the water level of the Ganges at Hardinge Bridge was 6.1 metre on January 20 which was 6.8 on the same day of the previous year.

programme. GISBORNE: A major joint venture affecting Maori land owners on the East Coast was signed Wednesday between Ngati Porou Whanui Forests Ltd. and the huge South Korean company Hansol Forem.

The venture involves planting 24,000 acres (10,000 hectares) of radiata pine on Ngati Porou tribal lands north of Gisborne and is the biggest investment by any Korean company in New Zealand.

Planting will begin this year and continue for five

Ngati Porou Whanui Forests chairman Whaimutu Dewe's said landowners had been pushed aside by various government ventures and Tasman Forestry in the past. but now the owners could work with a partner to build a large enterprise to provide benefits and employment in the short term.

SYDNEY: Burns Philp and Co Ltd said Wednesday its interim net profit fell following a consumer spice price war in the United States, increased investment in Asia and weaker market condi-

Interim net profit fell to 31 million US dollars (41 million Australian dollars) from 57.5 million dollars (76.7 million Australian dol-

Directors had foreshadowed the lower result and said they expect a stronger second half to produce a full year result at about the same level as last year's trading

CANBERRA: Coal export volumes from Australia, the world's biggest coal exporter. fell 12 per cent in November to 10.8 million metric tons from 12.2 million tons in October the Joint Coal Board reported Wednesday

The average price te ceived for coal exports in November rose 3.5 per cent to 43 32 US dollars 157 76 Australian dollars) a ton from 41.85 dollars 155.80 Aus tralian dollars' in October

Source: AP

#### Financial institutions in Bangladesh By Mamun Rashid business is concentrated on 6 per cent of its time & de-

The financial sector plays a vital role in a nation's economic development. The Phone: 9563667, 9563668, 9563670, 812135-42 Ministry of Finance in conjunction with the central bank i.e. Bangladesh Bank, regulates the country's financial sector through fiscal and monetary policies, while the financial institutions are the major players operating under the guidelines set by Bangladesh Bank. The financial sector of

Bangladesh consists of four types of financial institutions which include banks, leasing. insurance and investment companies.

The country's banking sector comprises nationalized, foreign and local private banks. There are four nationalized banks i.e. Sonali. Agrani, Rupali & Janata Bank; nine multinational banks namely American Express Bank, ANZ Grindlays Bank, Banque Indosuez, Citi NA, Habib Bank, Muslim Commercial Bank, National Bank of Pakistan, State Bank of India and Standard Chartered Bank and 17 private banks (from Pubali Bank to Social Investment Bank). Bank of Tokyo has a rep. office in the city while Societe Generale, a French bank, has obtained a license to open a branch. Hongkong Bank is also likely to open a branch this year while at least 2 more private sector banks are in the offing.

The leasing industry is still at an infant stage and shares a very small portion of all financing business. There are five leasing companies in the country with Industrial Development Leasing Company Ltd. and United Leasing Co. Ltd. being the market leaders.

The insurance industry is seldom considered as a competitor for the banking and leasing industries, since its

underwriting rather than investment. There are seventeen general and five life insurance companies. Two of these companies i.e. Jiban Bima Corp. and Shadharan Bima Corp. are state owned.

A handful of investment companies operating in Bangladesh serve a completely different market niche. The major investment companies are ICB, IPDC, SABINCO and there are also a number of other local and multinational investment companies. Since the banking indus-

try dominates the financial sector, I will mainly concentrate on the following issues: banking sector's present status, its problem and

The status of bank in particular and the banking sector as a whole is best judged by the deposit and lending figures. The total deposits in the country's banking sector (excluding DFI's) as on December 30, '95 (excluding inter-bank items) were Taka 386.20 billion, while total lending (excluding DFI) was Taka 284.16 billion. Nationalised commercial banks held almost 62 per cent of these deposits and 54 per cent of advances while foreign banks controlled only 6 per cent of deposits & 5 per cent of advances. Nationalised banks were again the most liquid banks with 54 per cent of the surplus liquidity (Taka app. 8 billion), while there was Taka 5.30 billion in the private sector & Taka 1.44 billion in the foreign banks. Sonali was the most liquid bank in the nationalised sector, Islami in the private sector & ANZ Grindlays Bank amongst the

foreign banks. As per existing rules, each bank has to maintain at least

mand liabilities as capital. Unfortunately, most banks could not maintain that. Only 8 banks could maintain capital more than the 6 per cent requirement as December 31, '94 and those were mostly foreign banks. Government will come out with Risk Based Capital system from next fiscal year, when banks will have to maintain more capital if their lending is seen as risky. This will encourage the banks to go for a low risk quality lending base.

Because of poor quality

lending & management. many banks had to face losses in the year 1994. While Rupali Bank made the highest operating loss in the nationalised sector (Taka 34.1 million) and Al Baraka Bank made highest loss among the private banks (Taka 191.1 million), the profit and loss scenario was almost the reverse amongst the foreign banks, with American Express Bank making an operating profit of Taka 425 million and Habib Bank Ltd. making the lowest of Taka 41.4 million. However, preliminary statistics shows that almost all banks made a profit in the year 1995: ANZ Grindlays Bank making the highest profit among the foreign banks: Islami Bank among the private banks & Sonali Bank among the nationalised banks.

Substandard, doubtful & bad debt i. e. classified loans as on December 31, '94 were 26.18 per cent of total loans (Taka 24.90 billion), while it was 34.90 per cent as on December 31, '93. Banks have to maintain various degrees of provision against classified loans apart from 1 per cent general provision on all debts. However, most of the banks could not meet re-

quired provisions as of 31st Dec, '94. While required provisions were Taka 40.65 billion, they could maintain only Taka 24.50 billion. Only nine banks (mostly foreign banks) met requirements.

When you speak of liberalisation in Bangladesh, financial sector reforms come to mind first. The country's financial sector is on the crossroads of development. The government of

Bangladesh in 1990, initiated

a five year financial sector re-

form programme (FSRP) to revive the country's ailing banking sector. The main focus of the programme is on the improvement of the loan classification system, improvement of the supervision system of the banks, and improvement of the loan recovery situation. The country's central bank with the assistance of The World Bank, IMF & USAID brought in various reform

projects in order to upgrade the overall position of the country's ailing banking sector. These included regulatory lending limits, lending risk analysis and compulsory provisioning under financial sector reform project (FSRP). The tenor of the FSRP is due to expire by June this year. In the second stage of reform, the government has initiated a multi million dol-

opment Programme (FSDP) from next fiscal year to upgrade the position of the country's financial sector. This will have funding from the World Bank, OECF, IMF & USAID. (The writer is the Head of

lar Financial Sector Devel-

Treasury and Institutional Banking Group. Standard Chartered Bank, Dhaka, This is an excerpt of a presenta tion in a seminar at North South University Dhaka.)

#### 7 Thai nationals plead guilty of enslaving 80 female workers in US

WASHINGTON, Feb 14: Seven Thai nationals pleaded guilty Friday of enslaving more than 80 female workers in a garment factory near Los Angeles, the Justice Department said, reports AFP. The defendants had re-

cruited the women from Thailand, kept them imprisoned for up to seven years in a compound surrounded by razor wire, and forced them to work in a makeshift garment factory in El Monte. California, near Los Angeles. prosecutors said. The seven Thais pleaded guilty of violating federal criminal civil rights laws in US district court in Los Angeles, announced Deval Patrick, Assistant Attorney General for Civil Rights, and Nora Manella, US Attorney in Los Angeles in a statement.

#### 'KL to target 8pc annual growth for, 1996-2000'

KULA LUMPUR, Feb 14 Malaysia will target eight per cent annual growth under its new economic blueprint to run from 1996 to 2000. Prime Minister Mahathir Mohamad said vesterday, reports AFP. I think so we can con-

tinue to target for eight per cent. Mahathir told reporters, referring to the seventh Malaysia plan to be presented to parliament in April "This is not very high growth—considering we have a very low base unlike devel oped countries which have got a very high base. Mahathir said

#### By Staff Correspondent IFIC Bank has waived a Tk Talking to The Daily Star. ment's decision, regarding Rezaul Karim, the Vice Preswaiver of interests and 4.38 crore interests of raw jute traders as per directive ident of the BJA said that the rescheduling of the bank of the Ministry of Finance. sources at the Bangladesh Banking Division of the Fi-nance Ministry had directed loans of the private jute traders and exporters. the private banks on February Jute Association (BJA) said. A total of 50 jute traders The source said, IFIC Bank 7 to implement the governtook the decision in a meet-