

War, drought fuelling Sri Lanka's inflation

COLOMBO, Mar 2: Soaring defence spending and drought are pushing up Sri Lanka's inflation despite government efforts to keep the lid on prices, officials and analysts said yesterday.

"We expect double-digit inflation this year," a government economist told Reuters. "Bus fares are going up, electricity charges are increasing and thanks to the massive drought, supply constraints on vegetables and rice will push prices up."

The purchase of six Kfir jet fighters from Israel for attacks on Tamil Tiger separatist rebels pushed defence spending to 41 billion rupees (775 million dollars) this year from 38 billion rupees allocated originally, the economist said.

The census and statistics department said on Friday that year-on-year inflation based on the 12-month moving average rose to 9.3 per cent in February from 8.4 per cent in January.

Department officials said prices of rice, sugar, milk, coconut and some varieties of fish had increased. The failure

of the north east monsoon late last year had hit crops in major agricultural areas in north-central and eastern Sri Lanka.

The government has announced plans to raise electricity charges while private bus operators are pushing for higher fares.

Arjuna Mahendran, senior analyst at Crosby Securities, said they forecast 11 per cent annual average inflation this year, from 7.7 per cent in 1995.

"Of course, the government is stepping in by importing food from India and Pakistan to counter price increases," he told Reuters. "But this has led to a backlash - lots of farmers' groups are protesting."

The steady depreciation of the rupee had helped fuel inflation, Mahendran said. The recent fall in the rates of benchmark treasury bills could also create inflationary pressure as bank credits could rise sharply if the government persists with a low interest rate policy, he added.

"The critical thing is whether production will rise

to absorb increases in demand created by excess borrowing," he added.

But with drought affecting crops and possibly leading to power cuts as water levels fall in hydro-power reservoirs, Mahendran said he doubted whether agricultural and industrial supply could respond to increased demand.

"It means the tea and rubber sectors (the island's main export commodities) will not benefit from international prices," he said. "The government is probably abandoning its earlier policy of keeping inflation down at any cost."

Deputy Finance Minister G L Peiris vowed late last year that the government would fight inflation with grim determination and added that it did not believe that a little inflation was good.

President Chandrika Kumaratunga has said the 13-year war by Tamil rebels for independence in the north and east was costing the island five per cent of its annual income, hampering efforts to accelerate economic growth.

Two new IFC appointments announced

WASHINGTON, Mar 2: The International Finance Corporation (IFC) announces two new appointments in its Infrastructure Department, says a press release.

They are Assaad Jabre as Director, Infrastructure, and Rauf Diwan as Manager, Power Division in the Infrastructure Department.

Jabre, a Lebanese national, joined the IFC in 1980. He worked in the Africa and Middle East Department before being appointed Special Assistant to the Executive Vice President in 1989. In 1992, he was promoted to Manager, Telecommunications Division. Jabre replaces Everett "Sam" Santos, who left IFC last year to take up an appointment in the private sector.

Diwan, a Pakistani national, joined IFC's Asia Department in 1977. In 1988, he left IFC to join the private sector in Pakistan. Diwan returned to IFC in June 1992 to join the newly created Power Division of the Infrastructure Department. In April 1994, he was promoted to Manager, East Asia, in the Asia Department.

Diwan replaces Vijay Chaudhry, who recently left IFC to take up a position in the private sector.

In 1995, IFC approved new infrastructure investments of 733.9 million US dollars for its own account, in addition to 1,049 million US dollars in loan syndications, representing 25.5 per cent of total approvals.

To date, IFC's infrastructure activities have been concentrated in Latin America and Asia, largely because of early opportunities created by governments in these regions, but the range is widening to cover Central Asia, the Middle East, Europe, and Africa.

Although IFC's activities have developed most rapidly in power and telecommunications, its activities in other sectors in transportation and utilities, including roads, ports and water, are increasing.

Scheduled Banks' Position

Statement of position of scheduled banks as at the close of business on 1st February, 1996

| | Taka in unit |
|---|-----------------|
| 1. Demand liabilities in Bangladesh | |
| (i) Deposits (general) | 7894.96.53.000 |
| (ii) Deposits from banks | 262.33.21.000 |
| (iii) Borrowings from banks | 112.55.00.000 |
| (iv) Borrowings from non-banking financial institutions | .000 |
| (v) Other demand liabilities | 2356.95.06.000 |
| 2. Time liabilities in Bangladesh | |
| (i) Deposits (general) | 28814.92.18.000 |
| (ii) Deposits from banks | 764.97.75.000 |
| (iii) Borrowings from banks | 2,02,53,000 |
| (iv) Other time liabilities | 1781.74.33.000 |
| 3. Borrowings from Bangladesh Bank | |
| (i) Against usance bills | .000 |
| (ii) Against promissory notes | 255.25.49.000 |
| (iii) Against approved securities | .000 |
| (iv) Other borrowings | 2948.00.55.000 |
| 4. Cash in Bangladesh | |
| (i) Bangladesh notes | 494.94.15.000 |
| (ii) Bangladesh Taka coins | 7.22.43.000 |
| (iii) Foreign subsidiary coins | 14.07.000 |
| (iv) Foreign currency in cash eqp to bdt | 18.05.99.000 |
| 5. Balances with the Bangladesh Bank | |
| (i) Principal office | 2060.34.03.000 |
| (ii) Other offices & branches | 133.36.17.000 |
| (iii) Foreign currency clearing A/C eqp to bdt | 67.78.81.000 |
| 6. Balances with other banks in current account in Bangladesh | 313.44.84.000 |
| 7. Money at call & short notice in Bangladesh | 654.52.65.000 |
| 8. Investments (at book value) | 6035.80.20.000 |
| 9. Credit provided in Bangladesh | |
| (i) Advances except those to other banks | 33135.08.83.000 |
| (ii) Advances to other banks | .000 |
| (iii) Inland bills purchased and discounted in Bangladesh | 259.81.04.000 |
| (iv) Foreign bills purchased and discounted in Bangladesh | 1199.06.00.000 |
| (v) Inland bills sold to or rediscounted with the Bangladesh Bank not yet matured and not included in (iii) above | .000 |
| (vi) Foreign bills sold to or rediscounted with the Bangladesh Bank not yet matured & not included in (iv) above | .000 |

* Figure shown in column no 9(i) above includes foreign currency loans of Tk 139,39,22,000.
Source: Bangladesh Bank press release.

Exchange Rates

The following are the Sonali Bank's dealing rates for public for some selected foreign currencies with Bangladesh Taka effective date is 2nd Mar '96.

| Selling | | Buying | |
|-------------|----------|----------|---------------|
| T.T. & O.D. | B.C. | T.T. (C) | O.D. (Slight) |
| US Dollar | 41.1615 | 40.8650 | 40.7032 |
| GBP | 63.0933 | 62.1295 | 61.8835 |
| DM | 28.0618 | 27.5497 | 27.4407 |
| F.Ranc | 8.1713 | 8.0270 | 7.9768 |
| C. Doll | 30.1731 | 29.6469 | 29.5295 |
| SFR | 34.3811 | 33.7741 | 33.6404 |
| Jap Yen | 1.0.3950 | 0.3954 | 0.3842 |

US Dollar sight export bill 3 months forward purchase: Same as O.D. sight export Bill buying rate.

D) US Dollar 3 months forward sale: Add cushion of Tk. 0.50 with BC selling.

| Currency | Selling | Buying |
|-------------------|-------------|---------------|
| | T.T. & O.D. | O.D. Transfer |
| S Riyal | 10.9752 | 10.8272 |
| UAE Dirham | 11.2080 | 11.0562 |
| Kuwaiti Dinar | 138.2186 | 136.1368 |
| D Guilder | 25.2912 | 24.9445 |
| S Krone | 6.1732 | 6.0858 |
| Malaysian Ringgit | 16.1576 | 15.9347 |
| Singapore Dollar | 29.2382 | 28.8257 |

Dhaka Stock Prices

At the close of trading on March 2, '96
Index continues to rise

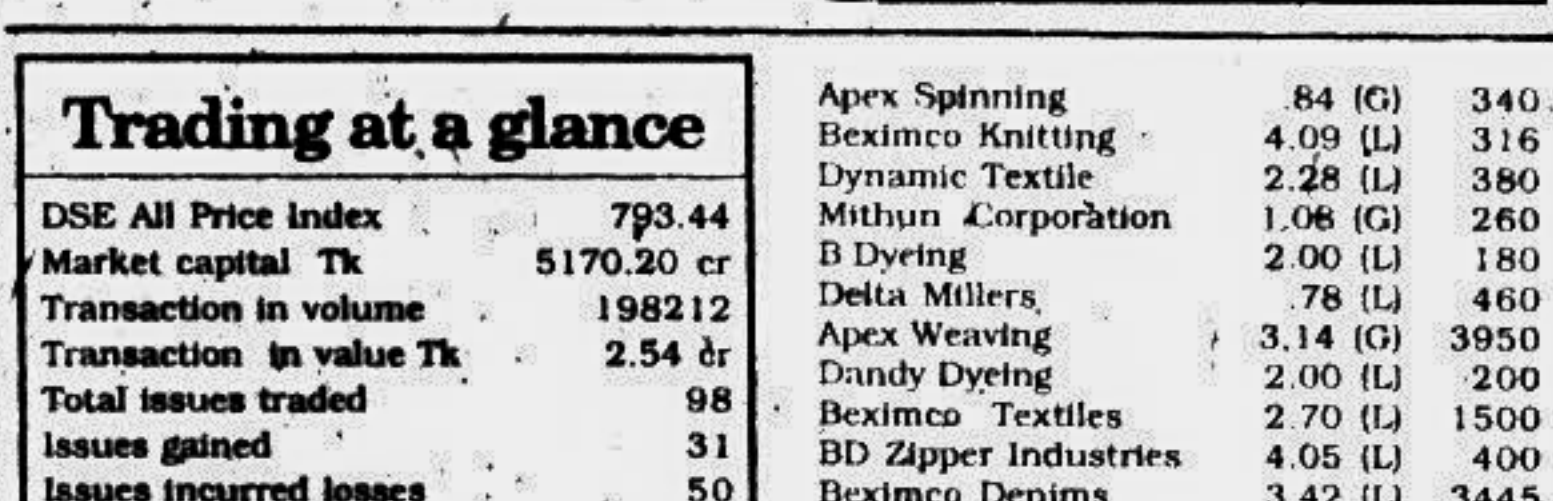
Star Report

The Dhaka Stock Exchange All Share Price Index continued to rise on Saturday. The index gained 0.84 point reaching 793.44 from previous figure of 792.60.

The transaction in volume declined by 10 per cent to 198212 from 219320 while value increased by five per cent from Tk 2.41 cr to Tk 2.54 cr.

The total market capital of DSE shares reached Tk 5170.20 cr from Tk 5164.66 cr.

The leading gainer of the day was **Beximco Denims** with a rise of Tk 230.00 per share while the losers were led by **Bangladesh Lamps** with a fall of Tk 47.17 per share.



Trading at a glance

| Company's name | Change (per share) | Number of shares traded |
|-------------------------|--------------------|-------------------------|
| DSE All Price Index | 793.44 | |
| Market capital Tk | 5170.20 cr | |
| Transaction in volume | 198212 | |
| Transaction in value Tk | 2.54 cr | |
| Total issues traded | 98 | |
| Issues gained | 31 | |
| Issues incurred losses | 50 | |
| Issues unchanged | 17 | |

| Company's name | Price | Change |
|-------------------------|------------|--------|
| Apex Spinning | 84 (L) | 340 |
| Beximco Knitting | 4.09 (L) | 31 |
| Dynamic Textile | 2.28 (L) | 380 |
| Mithun Corporation | 1.06 (G) | 260 |
| D Byring | 2.00 (L) | 180 |
| Delta Millers | 78 (L) | 460 |
| Apex Weaving | 3.14 (L) | 3950 |
| Dandy Dyeing | 2.00 (L) | 200 |
| Beximco Textiles | 2.70 (L) | 1500 |
| BD Zipper Industries | 4.05 (L) | 400 |
| Beximco Denims | 3.42 (L) | 3445 |
| Prime Textile | 80 (L) | 400 |
| Sajib Knitwear | 37 (L) | 5400 |
| Chic Tex | 25 (L) | 12000 |
| Ambee Pharma | 50 (G) | 200 |
| Beximco Pharma | 02 (G) | 104450 |
| ACI Limited | 3.50 (L) | 350 |
| Pharmaco International | 5.12 (L) | 1340 |
| Rekitt And Colman | 2.39 (G) | 900 |
| Pharma Aids | 00 (L) | 20 |
| Kohinoor Chemical | 2.00 (L) | 2215 |
| Rahman Chemicals | 2.35 (G) | 50 |
| Bangladesh Chemical | 9.60 (L) | 210 |
| Beximco Infusions | 5.67 (L) | 60 |
| National Polymer | 7.47 (L) | 110 |
| Beximco Synthetic | 33 (G) | 1180 |
| Lifra Pharma | 3.60 (L) | 100 |
| Orion Infusion | 82 (L) | 1180 |
| Square Pharma | 5.00 (G) | 60 |
| Apex Tannery | 18.50 (L) | 743 |
| Bata Shoe | 1.04 (L) | 1000 |
| Glo Ball Pen | 22 (L) | 550 |
| Monno Ceramic | 6.67 (L) | 470 |
| Beximco Glass | 30 (L) | 30 |
| Modern Industries | 00 (L) | 100 |
| Beximco Ltd | 1.11 (L) | 1500 |
| Chittagong Cement | 80.15 (G) | 422 |
| Apex Footwear | 11.89 (G) | 960 |
| Eastern Housing | 76 (L) | 8480 |
| Confidence Cement | 5.12 (L) | 1340 |
| Meghna Cement Mills | 4.81 (L) | 15050 |
| Lexco Limited | 8.00 (L) | 400 |
| B General Insurance | 00 (L) | 150 |
| Janata Insurance | 3.00 (L) | 300 |
| Phoenix Insurance | 29 (G) | 260 |
| Central Insurance | 3.00 (L) | 300 |
| Karnaphuli Insurance | 00 (L) | 400 |
| Rupali Insurance | 2.18 (L) | 220 |
| Federal Insurance | 3.00 (L) | 150 |
| Delta Insurance | 3.81 (L) | 668 |
| Beximco Fisheries (Deb) | 69 (L) | 473 |
| Beximco Fisheries (Deb) | 00 (L) | 42 |
| Beximco Knitting (Deb) | 10.00 (L) | 40 |
| Beximco Denims (Deb) | 230.00 (G) | 3 |
| Beximco Denims (Deb) | 10.00 (G) | 1 |
| Eastern Housing (Deb) | 100.00 (G) | 2 |



A Q Siddiqui, Managing Director, Agrani Bank, and Mufazzel Hossain, Director General, Bangladesh Rural Development Board, signing a memorandum of understanding on the banking plan for financing credit programme Productive Employment Project (PEP) of BRDB financed by CIDA/NORAD. Among others General Manager A S Ashrafuddin Ahmed, Md Helal Uddin, Habibur Rahman, Yousuf Ali Molla, of the bank and Rezaul Karim, Executive Director of BRDB were also present.

\$160m WB emergency plan to rebuild Bosnia

PARIS, Mar 2: The World Bank on Friday announced the first emergency plan to get war-shattered Bosnia back on its feet. But it's already running into trouble finding the money to pay for it, reports AP.

The plan will cost 160 million dollars, of which 45 million dollars is provided by the World Bank and the rest by donor nations. But their contributions amount to only 75 million dollars. The World Bank said it doesn't know where the 40 million dollars

Tender Notice

Sealed tenders in form No. T-1 are hereby invited from the "A", "B" & "C" Class Electrical Contractor under PDB/DESA for the work "Replacement of 132 KV C.V.T for Kabirpur-Manikganj circuit-I at Kabirpur Sub-station and construction of Burulia-Joydebpur 33 KV diversion line at Burulia end under Burulia 33/11 KV Sub-station." The tender document will be available up to 13-3-96 in the office of the (i) Addl. Chief Engineer (P&D), DESA (ii) Superintending Engineer (E&I), GDPDP, DESA (iii) Public Bank, Gulshan Model Town Branch, Dhaka at the cost of Tk. 100/- (Taka one hundred) only per set (Non-refundable) in the shape of Bank Draft in favour of Addl Director, RAO, DESA, Dhaka with written permission from respective offices & the undersigned. The tender will be received up to 12.00 Noon of 14-3-96 along with 2.5% Earnest Money of the quoted amount in the shape of Bank Draft in favour of Addl. Director, RAO, DESA in the office of (i) Addl. Chief Engineer (P&D), DESA (ii) Superintending Engineer (E&I), GDPDP, DESA (iii) Director, Planning & Development, DESA, Dhaka (iv) Executive Engineer, HV Sub-station Division, DESA, Dhaka. The tender will be opened on the same day at 12:30 PM in presence of the tenderer, if any.

Executive Engineer
HV Sub-station Division
Dhaka Electric Supply Authority
Road No.135, House No.47
Gulshan, Dhaka.

DFP-4604-28/2
G-319

Optical fiber to carry 15m calls on single line

TOKYO, Mar 2: Japan's Fujitsu Ltd. said Friday it has developed an optical fiber that can transmit 1.1 trillion bits per second - enough to carry 15 million telephone calls on a single line, reports AP.

Increasing capacity on optical fiber lines is considered important in developing multimedia applications that require large volumes of information, such as video on demand.

Fujitsu said it achieved the 1 trillion bit per second level through a technology in which lightwave signals with different wavelengths are transmitted over a single strand of fiber.

Optical fiber carries information in the form of light. That gives it much greater capacity than traditional copper wires, which use electricity to transmit signals.

India poised to export 5m MT of rice, wheat

NEW DELHI, Mar 2: India is poised to export more than five million tonnes of rice and wheat for the first time since independence, the Union Agriculture Minister, Dr Jagannath Mishra, has said, reports PTI.

The minister told the joint meeting of the directors of 89 ICAR institutes and Vice Chancellors of 28 state agricultural universities yesterday that the ICAR should initiate special network programmes for coastal agriculture, hill agriculture, post-harvest technology and prototype development, an official release said here yesterday.

Similarly, demonstration programmes are needed on recharging of underground water in Haryana, Punjab, Rajasthan and Gujarat and on water use efficiency at farm level, he added.

Our research system should become more responsive to existing and emerging needs, both in the context of national and global scenario he said adding each institution under the ICAR umbrella and the state agriculture universities should attain the required excellence in its chosen field of activity, particularly in the frontier agricultural technologies.

Economic issues top China's legislative agenda

BEIJING, Mar 2: Maintaining law and order and keeping China's booming economy humming along for the next five years are at the top of the national legislature's agenda when it convenes its annual session, reports AP.

This year's 10-day session of the National People's Congress is not expected to consider such weighty matters as building the world's largest hydroelectric dam, which the congress approved in 1992. Nor are dissidents likely to fire off reams of petitions to the legislature as they have in past years. Nearly all of China's active dissidents are behind bars.

Instead, this session of the NPC, which opens Tuesday, will deal with such nuts and bolts issues as an economic plan for 1996 to 2000 and fine-tuning criminal procedure law.

Fighting crime and corruption is likely to be prominent issue. Some delegates reportedly plan to move a motion demanding a full revelation of the nation's biggest corruption scandal, involving former Beijing Communist Party boss Chen Xitong.

Chen was removed from the party's powerful Politburo last year and forced to resign as Beijing party secretary. He is under criminal investigation, but few details have been revealed.

A Chinese newspaper poll of workers this week found that 35 per cent considered "cleaning up the government" the most urgent task lawmakers face.

In the past month, the Chinese capital has been shocked by several violent crimes, including the murder of an NPC vice chairman by one of his bodyguards and a spectacular armed bank robbery by machine gun toting bandits who reportedly made off with 1.1 million yuan (132,690 dollars).

The bank robbery has not been reported in the official media, which reports only criminal cases that have been solved. But the whole city is a buzz in a heightened state of fear.

For a society that was virtually crime free for decades, such incidents are interpreted as a breakdown in the government's ability to rule.

In the poll, only one issue outranked "clean government" as the most urgent task before the legislature. Thirty six per cent of respondents said the NPC must find a way to control inflation.

That is just one of the economic issues the legislature's 2,974 delegates will have to deal with in China's next five-year economic plan.

For several years, China's economy has been the world's fastest growing, but it is facing growing pains. Perennial problems include the moribund state sector and a growing income gap between wealthy coastal provinces and the lagging hinterland.

BANGKOK, Mar 2: The European Union (EU) yesterday announced a landmark agreement with South Korea aimed at boosting trade and investment while heralding a "new era" in political ties, reports AFP.

A statement said the "framework agreement" was initiated ahead of a meeting here between European Commission Vice President Sir Leon Brittan and South Korean Foreign Minister Gong Ro-Myung.

The agreement, reached on the sidelines of the inaugural summit of Asian and European countries, identifies sectors for economic cooperation.

These include science and technology, technical regulations, standards and conformity assessment, economic and industrial cooperation, the fight against drugs and money laundering, and cooperation over environmental and energy policies," the EU statement said.

It will also contain basic provisions covering such fields as maritime transport, shipbuilding and intellectual property rights," it said.

The agreement, under negotiation since May last year, now needs to be ratified by South Korea as well as the 15-member EU.

Notice Inviting Tender

Tender No. 9/KWD-II/1995-96

Name of Project: River Protection, Development & Town Protection Project.

Sealed Tenders in BWDB Form No. LCB Type-1 are hereby invited from the enlisted 'B' Class Contractor (s) of BWDB for the work mentioned below under Kurigram Irrigation & Flood Control Project, North Unit (1st phase) during the year 1995-96.

| Sl No. | Name of work with location | Estimated Cost (Tk.) | Earnest money 2.5% (Tk.) | Token Earnest Money 1% (Tk.) | Cost of Tender Document per set (Tk.) | Eligibility of Contractor (s) | Date & Time of Receiving Tenders | Date & Time of Receiving Tenders | Time allowed (Months) |
|--------|--|----------------------|--------------------------|------------------------------|---------------------------------------|-------------------------------|----------------------------------|----------------------------------|-----------------------|
| 1 | Construction of closure across the Chute channel of Dharia River for protection of Gorok Mondol BOP in PS Fubari, Dist. Kurigram during 1995-96. | 13,09,000/- | 32,725/- | 13,090/- | 750 | BWDB Enlisted 'B' Class | 05-3-96 06-3-96 | 07-3-96 12-30 hrs. | 2 (Two) Months. |

Tender document can be purchased from Sonali Bank, Main Branch, Kurigram & Rupali Bank, Kurigram Branch, Kurigram/Janata Bank, Main Branch, Beptati, Rangpur/Sonali Bank, WAPDA Building branch, Motihel C/A, Dhaka during bank transaction hours up to 06-3-96. No tender document will be sold on 07-3-96. The last date fixed for receiving the tender. Further information (if any) needed may be collected from the office of the undersigned during office hours.

PANI-442/95-96
D-233

Rais Uddin Ahmed
Executive Engineer,
Kurigram WD Division-II,
BWDB, Kurigram.

FOOD & ALLIED (27)

| | | | | | |
|-------------------|--------|---------|----------------------|---------|--------|
| Alpha Tobacco | 100/5 | 75.00 | Bangladesh Hotel | 10/50 | 12.00 |
| Amam Sea Food | 100/5 | 212.00 | S. Sub. Holdings | 100/5 | NT |
| Apex Foods | 100/5 | 230.00 | Central Insurance | 100/10 | 300.00 |
| Asano Tea | 100/5 | 290.00 | Eastern Insurance | 100/20 | 195.00 |
| B Banges | 100/5 | 290.00 | Eastland Insurance | 100/20 | 182.00 |
| B D Plantation | 100/5 | 870.00 | Delta Life Insurance | 100/10 | 278.75 |
| Beehive Food | 100/5 | 715.00 | Green Delta | 100/10 | 360.00 |
| B L T C | 100/5 | 153.00 | Janata Insurance | 100/20 | 200.00 |
| N C | 100/5 | 208.00 | Karnaphuli Ingu | 100/20 | 142.00 |
| Dhaka Vegetables | 100/5 | 11.00 | Peoples Insurance | 100/10 | 675.00 |
| Zal Bangla Sugar | 100/5 | 6.00 | Phoenix Insurance | 100/20 | 243.27 |
| E L Camella | 100/5 | 2200.00 | Rupali Insurance | 100/20 | 267.82 |
| Fragile Export | 100/5 | 75.00 | United Insurance | 100/10 | 320.00 |
| Gemini Sea Food | 100/5 | 360.00 | Federal Insurance | 100/5 | 150.00 |
| Modern Industries | 100/5 | 120.00 | Reliance Insurance | 100/20 | 400.00 |
| Rupali Flour | 100/10 | 6.10 | Reliance Insurance | 100/20 | 127.13 |
| Rupali Oil | 100/10 | 6.10 | Apex Footwear | 100/20 | 516.13 |
| Rupali Tea | 100/10 | 112.00 | Apex Tannery | 100/5 | 570.54 |
| Cig. Vegetables | 100/5 | 1280.00 | Aramit | 100/5 | 74.00 |
| Hill Plantation | 100/5 | 104.00 | B Denims | 100/10 | 147.69 |
| B Plantation | 100/5 | 97.32 | Beximco (17%) | 10/100 | 125.50 |
| Bengal Biscuits | 100/20 | 158.07 | Beximco Ltd | 100/100 | 58.83 |
| Meghna Shrimp | 100/20 | 104.00 | B.S.C. | 100/5 | 102.00 |
| Thib Dairy Ltd | 100/10 | 54.20 | Cig. Cement | 100/5 | 889.14 |
| Yousuf Flour | 10/50 | 13.00 | Confidence Cement | 100/20 | 295.67 |
| Rupali Food | 100/20 | 360.00 | Eastern Housing | 100/20 | 114.83 |

JUTE (11)

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