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**HYUNDAI**

CARS THAT MAKE SENSE

Proposed budget indicates no new direction: Economists

By Staff Correspondent

A number of economists of the country have criticised the current budget saying there is nothing new in it.

They said the budget has failed to give any direction to the national economy based on which the country might go for a higher growth rate.

Praising the government's decision to take necessary action against the bank defaulters, the economists said the government should remain strict about the bank defaulters.

Abu Abdullah, Director General of the BIDS, said the creation of a subsidy fund for the farmers does not mean anything until it is used properly.

He suggested for increasing the price of urea fertiliser to a 'break even' point while giving subsidies to the importers of TSP and MP fertilisers. "Our farmers might afford high price for urea fertiliser," he said adding a low price of TSP and MP might encourage the tillers to use chemical fertilisers in a proportionate way.

Abu Abdullah said our farmers were using more urea due to higher prices of TSP and MP fertilisers.

Abdullah put emphasis on reaching the fruits of subsidy to the farmers level. He also appreciated the government initiatives to boost dairy and poultry sub-sectors.

Quoting a decision of the first five-year plan, the BIDS Director General said the government wants to do profit

from urea business. Abdullah hailed the idea of giving subsidy to the farmers who will be affected due to natural calamities.

Omar Haider Chowdhury while talking to The Daily Star, said, "I found nothing new in this budget." He said, being a new government, Awami League could make an aggressive budget but from the very beginning they adopted a soft line. Chowdhury said, to achieve 100 per cent literacy within 10 years is not a realistic vision.

"The government, as it seems to me, does not have a long term vision," Chowdhury said.

Talking about the subsidy in the agricultural sector, he said it would have been better if the government could supply inputs at the right time rather giving subsidies to the farmers.

Anu Muhammad, Professor of Economics of Jahangirnagar University, said the budget has no direction to breakthrough the present rates of growth, investment and savings that may help the economy take off.

The main loopholes of the budget, according to Muhammad, were insufficient allocation for education and human resources development sectors. "Even the budget does not have any direction to improve the quality of education and HRD."

"The highest allocation claimed by the Finance Minister is not correct," he said adding including various im-

plicit expenditures and allocations, the defence sector always ranked top at the end of the day.

Pointing out to the losing state concerns, he said, budget could give an outline how the government would try to find out the problems of these sectors. "Is it a problem of the public sector management, or will the government actually take any action against the person responsible for economic losses of these organisations?" he asked.

The budget does not include the share of black money in the national economy, observed the economist. He said the real entrepreneurs must be rewarded and unproductive entrepreneurs must be discouraged to encourage the professionals, businessmen and industrialists.

Binayek Sen, another BIDS researcher said, the budget did not give any detail about what to do with the bank defaulters.

Sen said, although some positive approaches have been included in the national budget regarding losing State Owned Enterprises, but it has not given any outline about how to make these SOEs profitable.

He said, a deliberation council could be formed to formulate strategies to reverse the default cases. Dwelling on agricultural subsidy fund, Sen said the budget has not indicated how the fund would be used. The credit mechanism is as such that only 10 per cent

of the farmers are now getting loans," Sen said adding the present credit system should be changed to ease the credit accessibilities for the farmers.

Talking about foreign aid utilisation, the BIDS scholar said there was also a 'system loss' in utilising the foreign aid. "Some 50 to 60 per cent of the aid flows go to the non beneficiary groups," noted Sen.

Sen was also critical about the "Food for Education Programme" and urged the government to review the programme immediately because there are reasons to believe that the funds are not properly utilised.

Aliur Rahman, another BIDS researcher, said 100 crore taka subsidy fund is not enough to help the poor farmers. "If we consider the total allocation (Taka 300 crore) for poverty alleviation, credit to the poor and agricultural subsidies, the amount seems to me quite negligible," he said adding, it was a good start.

Rahman said the price of diesel could be reduced as its price is higher than that of the international price.

The researcher said, quota allocation for IPO in the stock market for the small investors of the country could also be done besides the wage earners living abroad.

He put emphasis on improving the quality of education. "Modern technology should be used and curriculum should be improved," he said.

New Chairman of Delta Life Insurance Co Ltd



The Board of Directors of Delta Life Insurance Company in its meeting held on July 31 unanimously elected Kazi Fajlur Rahman as the Chairman of the Board, says a press release.

The meeting was presided over by Shafat Ahmed Chaudhuri, Managing Director and Actuary of the company.

Rahman served as a secretary to the government and a member of the Board of Directors of the Asian Development Bank.

He was an Advisor to the Acting President in the caretaker government headed by Justice Shahabuddin Ahmed. He is also well known as a writer and columnist.

New MD of Krishi Bank



Mosharrat Hossain took over as Managing Director Bangladesh Krishi Bank on Saturday, says a BKB press release.

Mosharrat Hossain joined as an officer in the erstwhile UBL in 1963. He was promoted as General Manager in 1988 and held various responsible positions in Janata, Sonali and BSB. On promotion as Deputy Managing Director, Mosharrat Hossain joined Agrani and Sonali Bank respectively.

Prior to his present assignment, he was Managing Director of Sonali Bank.

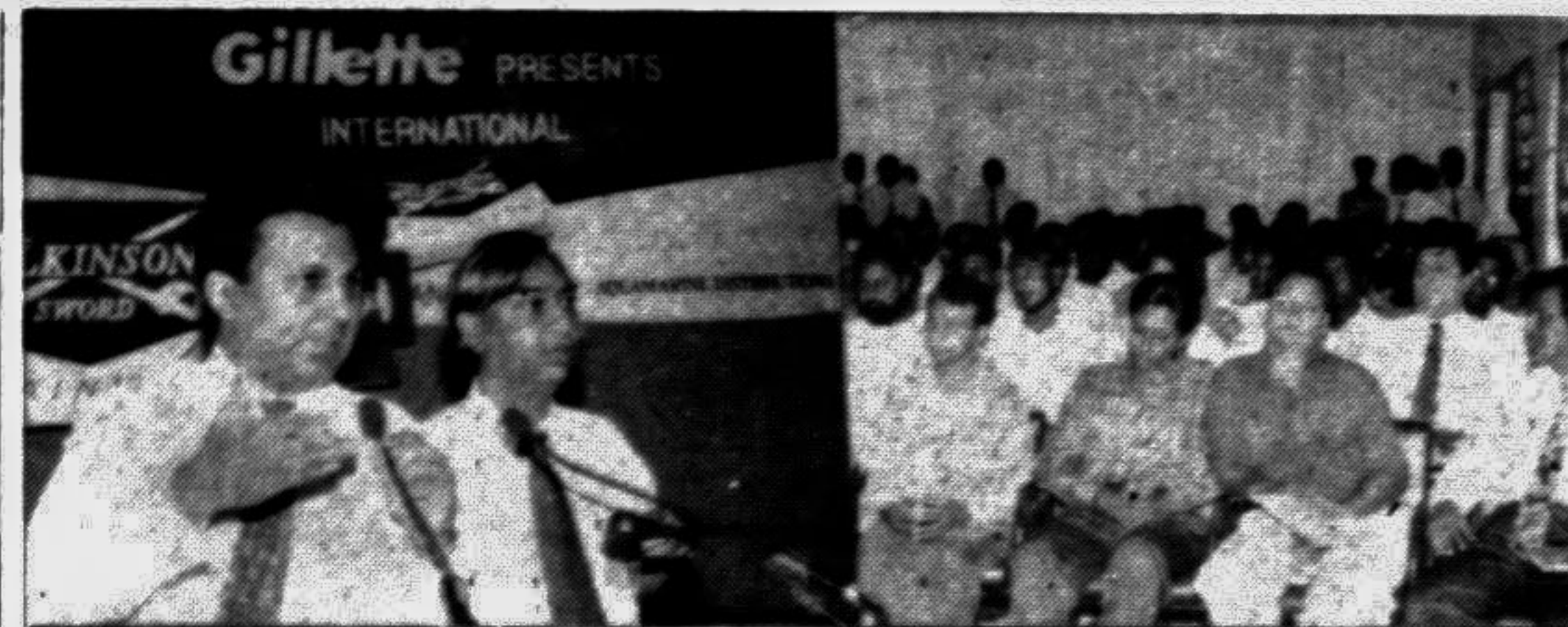
New MD of Agrani Bank



Khondker Ibrahim Khaled has joined as Managing Director of Agrani Bank on Saturday, says a press release of Agrani Bank.

Prior to his present assignment, he was the Managing Director of Bangladesh Krishi Bank.

Born in 1941 in Gopalganj, Khaled graduated in science and subsequently obtained Masters in Business Administration from Dhaka University. After completion of his education he joined the then Habib Bank Ltd. in 1963 as Probationary Officer.



Gillette launched its Wilkinson Sword double-edge blade at a conference at a local hotel yesterday. Anis Ahmed, Managing Director of Aquamarine Distributions Ltd., seen addressing the launching ceremony.

Hilsa scarcity at its home

CHANDPUR, Aug 4: Popular fish hilsa for which the district is famous has disappeared from the local hats and bazars in the current peak season, reports UNB.

Local markets usually remain flooded with the fish from the beginning of July. But the situation has abruptly changed as it has become scarce in the locality in the current rainy season.

According to local fish traders at Chandpur ghat, in the peak season, about 10,000 maunds of hilsa are available per day at this ghat and the whole area remains busy with the brisk business involving over a thousand day-labourers.

But, only about a thousand maund of hilsa are available at the ghat every day causing its abnormal price hike. Per kg hilsa is now being sold at Tk 100 while a medium size is selling at Tk 150.

Besides, scarcity of the fish also caused losses to the fish merchants and ice factory

owners who used to spend busy time sending the fish in different parts of the country in ice boxes.

There are about 70 fish merchants at the ghat and 37 ice factories in the port city.

Two experts of Fisheries Research Institute of Chandpur Mr. Shahidullah and M. Anisur Rahman said hilsa fish which are migratory nature may have changed their way in the river Padma and Meghna thus creating acute scarcity in the adjoining areas of the district.

Moreover, this time less rainfall and less thunder shower and lightning which have close link with the availability of the fish, are responsible for the scarcity, they said adding that the peak season from July-October thus delayed.

However, the experts expressed hope the fish might be available in plenty in the local hats and bazars early this month.

New UN study says

1.5b Third World people economically worse off

UNITED NATIONS, Aug 4: One-and-a-half billion people, most of whom live in the Third World, are economically worse off today than they were 10 years ago, according to a new UN study.

And, "If the trends of the last 25 years continue for the next 25, the world economy will become gargantuan in its excesses and grotesque in its inequalities," warned Richard Jolly, the principal author of the Annual Human Development report, which was released Wednesday.

Currently, the study points out, the assets of the world's 358 billionaires exceed the combined annual incomes of countries accounting for nearly half — 56 per cent — of the world's people.

Jolly told IPS that the latest report — commissioned by the UN Development Programme (UNDP) — carries a "bittersweet message."

"The good news," he said, "is that 15 to 20 developing countries with two-thirds of the Third World's population are achieving spectacular growth."

"And stalled or in free-fall, with at least 1.5 billion people worse off today than in the 1980s — 500,000 of them even poorer than the 1960s," he added.

The 20 countries that are experiencing "spectacular" growth, are mostly in South East Asia, including South Korea, Malaysia, Singapore, and Indonesia. Countries outside of the region with strong economies include Chile, China, Mauritius and Turkey.

But, Jolly points out, that even though the primary purpose of economic growth is to improve living conditions, far too often it is does not. "Human development is the goal and economic growth a vital means — but still only a means — to achieve the goal," he said.

The study notes that Pakistan's economic growth rate of about 5 per cent is enviable, but 61 per cent of the popula-

tion still lacks the health, education and nutrition needed to climb out of poverty.

Argentina's per capita income of about 8,060 dollars per annum is among the highest in the developing world, but 20 per cent of its rural population lives in poverty and 29 per cent lacks access to safe water.

"In principle, economic growth and human development can and ought to go together, but they always do not go together," Jolly said.

According to Jolly, most countries have passed the minimum human development level — maintaining reasonable advance in health and nutrition, access to education, clean water and sanitation.

But unless economic growth is restored to reasonable levels — about three per cent annually — these advances will be in jeopardy, he warned.

Among the 89 countries worse off today than a decade ago are Haiti, Liberia, Nicaragua, Rwanda, Sudan, Ghana, and Venezuela. Those countries that experienced an economic decline during the 1980s include three of the world's wealthiest nations — Canada, Finland and Iceland.

Jolly singled out Ghana as a one-time role model of the World Bank and the International Monetary Fund which has faltered along the way. "Ghana is actually worse off today than in 1960," said Jolly.

In 1960, Ghana's per capita income was about 500 dollars, but it has now declined to about 400 dollars, he said. While Ghana's economy has been improving since 1983, he added, these gains have been very slow.

When asked the reasons for declining growth, Jolly said he and the other authors of the study did not go into causes because "we did not want to make it into an economic treatise."

"We stuck to our basic theme — the link between economic growth and human development," he added.

Tanzania suspends economic ties with Burundi

DAR ES SALAAM, Aug 4: Tanzania said Friday it was suspending all economic ties with strife-torn Burundi following a decision by African states to impose an economic blockade on the central African country, state-run Tanzanian radio said, reports AFP.

Seven African nations met on Wednesday in the northern Tanzanian town of Arusha and decided as a result of a coup d'état on July 25 by Burundi's Tutsi-dominated army to exert "maximum pressure" to Burundi, including the imposition of economic sanctions.

The radio did not say what kind of economic links Tanzania had suspended, but Burundi relies heavily on the port of Dar es Salaam for its oil imports and for the export of its coffee.

Leaders and officials from Tanzania, Zaire, Rwanda, Kenya, Ethiopia, Uganda and Cameroon, who attended the Arusha meeting, did not immediately specify their sanctions, nor did they set up any committee to coordinate them. Each country would be free to use its own discretion on what sanctions to apply, summit sources said.

Approval given to 85-storey skyscraper

HONG KONG, Aug 4: A consortium has gained approval to build Hong Kong's tallest building on reclaimed land in the central banking district, local reports said Saturday, reports AFP.

The consortium, led by property giant Sun Hong Kai Properties Ltd., will construct a 400-metre (1,320-foot) skyscraper in the northern part of the central land reclamation area, the Hong Kong Standard said.

The town planning board Friday gave approval for the 85-storey skyscraper, which will house central station for the new railway link to the territory's new airport at Chek Lap Kok.

An 88-storey building has been proposed for the Kowloon station airport railway development but work on the building is not scheduled to start for six years by which time the central building is due to be completed.

US unemployment increases

WASHINGTON, Aug 4: Unemployment in July edged up to 5.4 per cent from 5.3 per cent in June, with the market creating just 193,000 jobs, the Labour Department said yesterday, reports AFP.

Analysts had been expecting about 275,000 new jobs.

Household spending in June meanwhile slipped by 0.2 per cent after a 0.8 per cent increase in May, the Commerce Department reported.

Household income was up 0.9 per cent from a 0.5 per cent rise in May.

The rate on the benchmark 30-year treasury bond fell to 6.72 per cent Friday following the figures' release from 6.84 per cent late Thursday.

British milk safe to drink : Minister

British Agriculture Minister Douglas Hogg has confirmed that British milk remains safe to drink, says a press release issued by the UK High Commission here.

Hogg was speaking following the publication of interim research findings by the Spongiform Encephalopathy Advisory Committee (SEAC), which showed the possibility of very low levels of transmission of BSE from pregnant cows to embryo calves.

SEAC looked at the implications for public health and concluded that no further action is required. The UK eradication plan for BSE had already taken the theoretical possibility of maternal transmission into account. All the measures necessary to protect public health are already in place.

The results suggest that one per cent of calves born to cows

with BSE may themselves contract the disease from their mothers. Final results of the research will not be available until the project ends later this year. The figure is not significant enough to maintain BSE levels, which are falling by 40 per cent a year.

Hogg said, "It is important to keep this information in perspective. The Chief Medical Officer endorses SEAC's conclusions that there is no case for changing recommendations in relation to milk, meat, blood or any other product which is currently permitted."

Since 1988 all cattle suspected of having BSE have been slaughtered and their carcasses destroyed. In addition, the 'specified offals', the parts of cattle where the BSE agent is most likely to be found, are removed from all cattle at slaughter and do not enter the human food chain.

Iran appears unfazed at new US trade sanctions

DUBAI, Aug 4: After 17 years of US sanctions, Iran appears unfazed at the prospect of fresh US legislation designed to squeeze Tehran even further, reports AP.

President Clinton is expected to sign legislation on Monday allowing the US government to penalise foreign companies investing in oil and gas in Iran and Libya. Both are on Washington's list of countries that sponsor terrorism.

But Iran, buoyed by European and Russian opposition to the US law, is confident it will survive the move.

"Islamic Iran will not surrender to bullying, and will stand up to the United States with all its might," Ayatollah Ali Khamenei, Iran's supreme leader, said Saturday.

The new legislation authorizes the US government to impose penalties or foreign companies that invest more than 40 million dollars a year in the Iranian or Libyan energy industries. It was approved by

Congress in June in response to domestic political concerns.

The legislation threatens mostly European energy groups active in both countries. The European Union as well as Russia have already voiced opposition to the legislation.

Moscow said Washington was trying to impose its policies on others. The 15-nation European Union said last month that it reserved the right to retaliate against US firms if European firms were punished.

Washington imposed limited trade sanctions on Iran shortly after the country's 1979 Islamic revolution replaced a staunchly pro-American monarchy with fundamentalist clerics hostile to the United States.

BIBM workshop on lending risk ends

A four-day workshop on "Lending Risk Analysis and Decision Making", conducted by Bangladesh Institute of Bank Management, concluded yesterday, says a BIBM press release.

The main focus of this workshop was to equip the executives of banks and financial institutions with requisite skills for analysing credit risks and making proper decision in giving credit.

The workshop also discussed topics like interpretation and application of financial spread sheet, credit scoring system, business risks and security risks etc.

The concluding session of the workshop was chaired by A H M Nurul Islam Chowdhury, Director General, BIBM.

Addressing the workshop as chairman of the session, Chowdhury expressed the hope that knowledge and skills gathered from the workshop should be utilised properly for improving the quality of loan portfolio.



Shah Abdul Hannan, Additional Secretary (in-charge), Banking Division, Ministry of Finance, distributing certificates among the participants of the workshop on "Lending Risk Analysis and Decision Making", organised by BIBM yesterday.

LONDON, Aug 4: Uncertainty over US interest rates lent the precious metals a fresh glow this week, when platinum received an extra fillip from strike action at South African mines, reports AFP.

Investors turned to gold rather than unstable bond, currency and stock markets, as they felt unable to predict changes in monetary policy at the American Federal Reserve Bank (FED) with any degree of certainty.

The fed will hold its next monetary policy meeting on August 20, when it is expected to announce any modification of interest rates.

Strike action at South African platinum mines showed no signs of easing after several weeks of protest.

But the other commodities markets seemed to have fallen into a state of lethargic inactivity as summer shover over the northern hemisphere, sugar, coffee and cocoa markets all settled down after a stormy few weeks and the oil market showed little sign of activity.

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SILVER: Jump. The price of silver jumped this week, fuelled by speculative buying and the generally sparkling performance on the precious metals market.

After a rally of almost 10 per cent, after investment funds launched a wave of buying, silver retreated slightly, but the metal still managed to end the week above the previous week's levels.

Silver prices closed at around 5.09 dollars per ounce up from 5.05 dollars last week. **PLATINUM:** Shining. Platinum prices took off, exceeding the previous week's gains,

to break through the 400 dollar level to hit 403 to 404 dollars per ounce on the London market.

The metal was supported by fresh fears about South African production, after the announcement of another miners' strike.

COPPER: Dull. Copper prices eased this week in quiet trading, with dealers nipping off to the sidelines as the notoriously sleepy summer season reached its height. Prices fell by more than 50 dollars to about 1,940 dollars per tonne.

Dealers were taken aback by the fact that stocks held in warehouses owned by the London Metal Exchange (LME) rose this week, after a period of steady decline which followed a rise in demand.

Reserves rose by 7,550 tonnes this week to 234,850 tonnes. The increase was far bigger than expected by analysts, who had predicted LME stocks would rise by 3,000 to 4,000 tonnes.

Despite this increase in copper stocks, forecasts of a downward spiral in copper prices over 1997 and 1998, because of oversupply as new production comes on-stream, were dismissed by a leading metals analyst this week.

LEADS: Flat. Lead prices rose by one dollar to about 805 dollars per tonne amid quiet trading.

LME stocks: Rose by 1,650 tonnes to 99,950 tonnes.

ZINC: Fall. A welcome fall in stocks on the LME, which have been building up for some time, was not enough to life zinc prices, which fell by about two dollars to 1,037 dollars per tonne. LME reserves fell by 450 tonnes to 568,725 tonnes.

GNI, warned of weak demand for the metal during the summer months.

the market.

The GNI trading house said that "demand is usually slow" at this time of year, but it predicted that "stocks could start to fall quite sharply in September if world growth is as robust as we expect," which would send prices upwards.

The rise in prices came despite a net rise of 4,140 tonnes of aluminium stocks held in LME warehouses, up to 904,575 tonnes this week.

NICKEL: Meltdown. Nickel prices hit their lowest level since October 24, 1994, at about 6,980 dollars per tonne, 55 lower than last week.

News of a strike at South Africa's Impala platinum mine, which produces nickel as a by-product, did not lift the market.

TIN: Tarnished. Tin prices fell by 90 dollars to about 6,160 per tonne because of heavy selling by investment funds.

Dealers expressed concern about the violent political un-

rest in Indonesia, a major tin producer, where three people were killed and more than 20 injured last weekend during a bloody crackdown on protesters in the capital Jakarta.

But GNI commodities said that the ongoing unrest in Indonesia was not serious enough to hamper tin production or supplies, and the sell-off was more likely due to funds believing the metal was overvalued.

Tin reserves on the LME fell by five tonnes to 10,530 tonnes.

SLENDER: Slumber. The oil market lay dormant this week as the United Nations and Iraq procrastinated over implementation of an oil for food deal.

Brent North Sea crude prices hovered at around 19 dollars per barrel.

RUBBER: Soft. Rubber prices lost some of last week's gains and settled at about 900 pounds per tonne.

The International Rubber Study Group (IRSG) said that global rubber consumption was set to grow by 3.7 per cent in 1996, which would be a little less than last year's gains.

It predicted demand would grow by 3.9 per cent in 1997.

COCOA: Weak. Speculative selling by American Investment Trusts sent cocoa prices down to their lowest level for four months midweek before they picked up slightly at the week's end to 965 pounds per tonne.

COFFEE: Smooth. The coffee market remained calm this week, after a fall in prices last week.

Prices rose slightly to 1,530 dollars per tonne from 1,500 dollars last week.

TEA: Boost. Strong demand for high-quality East African teas lifted tea prices this week. Medium quality teas rose by two to six pence per kilo to 98 pence per kilo.

SUGAR: Split. The sugar market showed two distinct faces this week, with calm

reigning over cash deals while speculators piled into the futures market.

In London, sugar prices (for delivery in December) rose by one dollar to 345.7 per tonne.

GRAIN: Sprouting. Forecasts of scorching weather conditions in American wheat-producing regions and hefty export figures from the United States cause cereal prices to rise slightly on the US market.

Meteorological worries contrasted with last week's weather, which dealers said was perfect for grain crops.

Cancellations of Chinese orders had little impact on the market.

On the Chicago Board of Trade (CBOT), the September wheat contract rose to 4.47 dollars per bushel (27.216 kg) from 4.43 dollars last week.

In London, wheat prices dipped slightly amid quiet trading. They fell to 110.70 pounds from 112 pounds.

COTTON: Shrunk. A slump in demand for this fibre dented cotton prices amid volatile trading this week.

WOOL: Soft. The British wool index for high quality fibres fell to 420 pence per kilo from 430 pence.

Commodity market: Prices of tea rise, oil hover over the week