

SANYO
Micro Computer Controlled Automatic Washing Machine ASW-40MT
Tk. 25,000




HYUNDAI
CARS THAT MAKE SENSE

Govt may set up pvt sector infrastructure dev fund

By Sharier Khan

The government may set up a Private Sector Infrastructure Development Fund (PSIDF) with the assistance of the World Bank and other multilateral lending agencies to provide loans to the private power generation companies.

According to the Private Power Generation Policy of the government, the draft policy is in its final stage at the Power Cell of the Energy Ministry.

It suggests that the PSIDF may provide up to 40 per cent of the capital cost of private power project as subordinated debt.

The debt would be available on the market-based interest rates and will carry extended maturity periods.

Official sources say the draft policy will be placed before the cabinet for approval within a few weeks.

They added that the setting up of a power plant requires huge investment ranging between Taka 300 and 600 crore or more depending on its size.

Financing agencies like the IF of the World Bank group which provides loans up to 25 per cent to private investors in the power sector are already operating in Bangladesh.

The policy outlines private investment in power projects on Build-Own-Operate (BOO) basis. The BOO projects will involve limited recourse financing and the funds for the pro-

jects will be raised without any direct sovereign guarantee of repayment. Instead, the investors and lenders to the project company must look to the revenues earned by the sale of electricity for their returns on equity and debt service, the policy adds.

Minimum requirement for equity investment will be 20 per cent.

To facilitate the creation and encouragement of a corporate debt securities market essential to raise local financing for power development projects, the policy makes the following provisions:

A. Permission to power generating companies to issue Corporate Bonds both bearer and registered with the consent of Securities Exchange Commission (SEC).

B. Permission to issue shares at discounted prices up to the limit of 10 per cent of the face value to enable venture capitalists to be provided higher rates of return proportionate to the risk.

C. Permission to foreign banks to underwrite the issue of shares and bonds by the private power companies with the recognition to such underwrites by the SEC.

D. Tax facilities for private sector instruments as available to Non-Banking Financing Institutions.

E. Modification of Prudential Regulations to allow 80-20

debt equity ratio. According to the policy, the project sites will be selected by the government as per the power system master plan or the power cell.

Fuel for such projects will be determined by the government keeping in view the preference for the indigenous resources of natural gas, coal and other fossil fuel in case of any limitations, the government may allow other fossil fuels including imported fuels.

Outlining a security package, the draft policy said that a model implementation Agreement (IA), Power Purchase Agreement (PPA) and Fuel Supply Agreement (FSA) will be prepared for private power projects to eliminate the need for protracted negotiations between the government and the sponsors.

The PPA, if executed by the government agencies, will be guaranteed by the government for performance obligations of the concerned utilities.

In case the fuel is to be supplied by a public sector organisation, the performance of the fuel supplier will be guaranteed by the government under the terms of FSA.

The government will provide protection against risk of natural calamities to the private power projects.

It will also provide protection against changes in certain taxes and duties.

Mutual partnership with foreign countries can help boost country's exports

Experts suggest at a seminar in city

Strict maintenance of quality, timely delivery and establishment of faithful mutual partnership with foreign counterparts can make a breakthrough of export of Bangladeshi products in the world market, experts at a seminar said here yesterday, reports BSS.

They opined that certainty of macro-economic stability as well as acquaintance of management personnel with the ingredients were needed to accelerate the country's export-led economic policy, the main thrust of the present government.

The two-day seminar on 'How to promote exports of Bangladeshi products' was organised by the Association of Overseas Technical Scholarship (AOTS), Japan in joint collaboration with German Federation of Small and Technonnet Asia (ZDH/TA), Dhaka Chamber of Commerce and Industry (DCCI) and Bangladesh AOTS Alumni Society (BAAS).

The speakers at the seminar, first time held by the three countries — Bangladesh, Japan and Germany — were unanimous that promotion of industrial quality control through proper training has no alternative, particularly for the developing countries like Bangladesh.

Held in the DCCI auditorium the inaugural session was attended by the Japanese Ambassa-

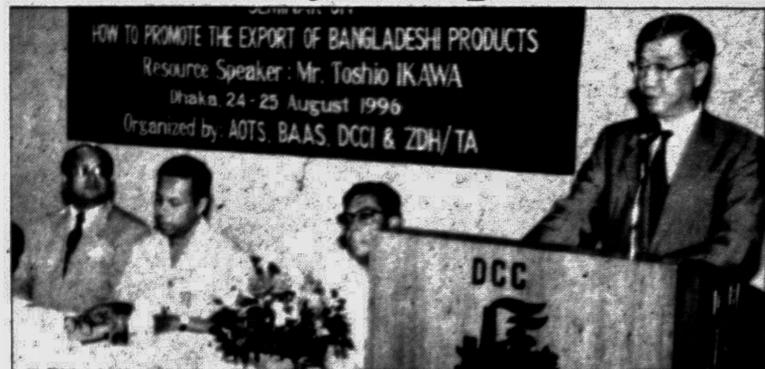
sador to Bangladesh Yoshikazu Kaneko as the special guest. Among others, it was also addressed by AOTS representative in Bangladesh Dr. A K M Moazzem Hussain, ZDH/TA Resident Representative M. Azizur Rahman, DCCI Acting President Faez R M Hasan and BAAS President Kazi Ali Afzal.

A total 60 persons comprising managing directors, directors, general managers and managers are participating in the seminar while a Japanese expert in export promotion Toshio Ikawa conducting the business session.

Ambassador Yoshikazu Kaneko, in his address, welcomed some initiatives as announced by the new government of Bangladesh to improve environment for promoting export and encouraging foreign investment. Government's commitment in this regard, he hoped, would encourage foreign business partners here.

Kaneko said export promotion, a priority area in Bangladesh provides economics with a spurring thrust to take off onto the high rate of growth by highlighting competitive sectors of industry. This is also one of the most crucial factors of macro-economic stability, which is much needed in Bangladesh, he added.

The ambassador viewed that export promotion should be incorporated into an appropriate long term development strate-



Yoshikazu Kaneko, Ambassador of Japan to Bangladesh, delivering his inaugural speech at the two-day seminar on 'How to promote the export of Bangladeshi products' jointly organised by the DCCI, ZDH/TA/AOTS and BASS held on Saturday at the DCCI auditorium.

gies of the government with incentives to the private sector.

He suggested upgradation of the quality of products to such an extent to be competitive enough to attract foreign consumers. He pointed out some of the pre-requisites like establishment of relationships with foreign business counterparts, timely shipment and maintenance of quality to penetrate into the Japanese market.

He said so long Japan extended extensive assistance to 'hardware' of Bangladesh's export promotion strategies like infrastructure development. Now he said Japan wants to assist 'software' export promotion of Bangladesh.

The significance of this seminar, he believed, would be truly to its perspective.

Dr. Moazzem Hussain giving a brief description of AOTS said

since its inception in 1959 under the Ministry of International Trade and Industry of the Government of Japan, it has been supporting industrial and human resources development and technical cooperation.

AOTS has so far trained about 70,000 persons from 150 countries in Japan including about 600 from Bangladesh.

Workshop on 'Poverty and Finance in Bangladesh' ends

'Micro-credit can help alleviate poverty, but progress depends on social changes'

Micro-finance can help alleviate poverty and contribute to poverty removal, but significant progress in this drive is dependent on economic and social changes well beyond the reach of financial intermediation, reports UNB.

This is the conclusion of a three-day international workshop titled 'Poverty and Finance in Bangladesh: Reviewing Two Decades of Experience' that ended on Saturday at a local hotel after a series of threadbare discussion on the issues.

The workshop supported the argument for 'credit plus' and 'credit with social development' as the precondition for securing the value of 'credit alone' strategies.

Institute for Development Policy Analysis and Advocacy (IDPAA) of Proshika, Bangladesh Institute of Bank Management (BIBM) and credit and Development Forum (COF) jointly organised the Workshop.

Noted Economist Prof Rehman Sobhan, who was the chief guest at the concluding session, questioned the impact of micro-credit intervention on the broad rural economy, despite its positive role on household levels.

Some 50-60 per cent people still living in poverty after 25 years of the introduction of mi-

cro-credit idea does not suggest that micro-credit is leaving any significant impact on broad economy, he said.

Prof Sobhan also argued that the present micro-credit programme did not address the significant area of rural economy — the agriculture sector — which is almost deprived of the institutional credit.

"Why there has not been any breakthrough of micro-credit intervention in this important area," He questioned, observing that agriculture finance remained confined to the hand of mahajans or other non-institutional sources of credit.

He was also critical of the high delivery cost of credit, saying that the system loss, which is almost half, has been a problem for such institutional micro-credit system.

Quazi Kholiquzzaman Ahmed, who was the session chairman, pointed out that the system loss is more than half. "Many funds are coming in the name of aid, but those have been going to someone else other than the poor," he said.

Quoting a survey he conducted on the Flood Action Plan, the economist claimed that only 15 per cent funds ultimately go to the users at the field level.

While the workshop identified limited accessibility to

mobilised savings as a constraint before the non-government organisations working in the micro-finance services, it unanimously agreed that accessible saving constitute a key financial service and should have the same emphasis as credit in policy making.

The poor are good savers as repayments of credit. Being able to save individually not only allows the poor to turn their savings in times of need, but also helps them build their confidence to borrow money.

The workshop said introducing savings services could be used to develop capital as well as a cost-effective measure to assure the sustainability of the lender. Borrowers' savings are informal collateral as well as issues like overemphasis on credit, the lack of investment opportunities for the poor and the assetless, the inability of lending institutions to operate in disadvantaged areas, restricted multiplier effects in agriculture and industry, natural hazards and the potential threat of fundamentalism are identified as constraints for NGOs and Grassroots Bank.

The workshop has reflected the practitioner's concern with the sustainability of the borrower and the need to reduce their transactions and information costs.

In particular, the workshop debated the effectiveness of joint liability when loans to groups are increased in order to pursue graduation objectives for the poor. Some evidence suggests that as loans increase, in size, so the merits of joint liability decline.

This could constitute a fundamental contradiction in the 'credit for graduation' approach. There is contradictory evidence that groups have successfully scaled up their borrowing access to more significant opportunities, but crucially supported by social mobilisation.

The workshop also argued that the borrower's sustainability also relies upon a wider range of financial services than micro-credit, which particularly suffers from project bias.

In addition to accessible savings, they have requirements for current account overdrafts to level out consumption fluctuations, lumps of capital at various stages of the family life cycle and insurance against unpredictable demands on income.

At the same time, some in the workshop argued, borrower's sustainability, supported by social mobilisation, requires protection against the erosion of income, the enhancement of incomes via improved wage bargaining and access to common property.

Eastland Insurance Co Ltd approved 16 per cent dividend to its shareholders, says a press release.

This was declared at the ninth annual general meeting of the company on Thursday at a local hotel.

The meeting was presided by Mahbubur Rahman, Chairman of the company. About 950 shareholders attended the meeting.

The company has earned a premium income of Tk. 14.15 crore in 1995 which is three times higher than that of the first year and 15 per cent higher than that of the previous year. It has 27 branches throughout the country.

Eastland has made a total investment of Tk 19.78 crore up to 1995. During the year, the company settled 757 claims for a total amount of Tk 2.36 crore.

Malaysia's central bank probes foreign life insurers

KUALA LUMPUR, Aug 24: Malaysia central bank said yesterday it was investigating several foreign life insurance companies for allegedly illegally selling investment-linked products to Malaysian residents, says AFP.

The Central Bank Negara said as a result of improved incomes of Malaysians, certain foreign insurers were targeting Malaysians and selling products directly or in collaboration with local agents and brokers.

"Bank Negara is issuing a stern warning to those involved to stop the activity immediately," the central bank said in a statement.

Offenders are liable to a fine of up to 20,000 ringgit (8,000 dollars) or 12 months imprisonment or both, the bank warned. The central bank said some local insurance brokers have also been found to be operating illegally without proper approval from the authorities.

It said these brokers have been soliciting direct insurance business for Malaysian risks and passing the business on to insurance companies not registered under Malaysia's insurance act 1963.

The bank warned that these brokers risked being fined up to 8,000 ringgit (3,200 dollars) or imprisoned for up to six months, or both, if convicted.

Offshore insurance brokers are allowed to broker life insurance policies transacted in foreign currency for Malaysian individuals with life insurers licensed under Malaysia's offshore insurance laws.

Proposal for free trade in IT US gradually winning over Asian economies

DAVAO, Philippines, Aug 24: The United States is gradually winning over Asian economies to its proposal for rapid liberalisation of trade in information technology, officials said yesterday, reports AFP.

The US proposal for zero tariffs by 2000 on computer-related and high technology products initially received a cool response from Asian officials at an Asia-Pacific Economic Cooperation (APEC) forum meeting here.

Federico Macaranas, Chairman of the APEC senior officials' meeting in this southern city, said there was "extreme interest" in the US proposal here.

Interest in the area had been demonstrated by the fact that

16 of APEC's 18 members had submitted plans for liberalising their telecommunications sectors, he said.

Washington's proposed information Technology Agreement (ITA) calls for abolishing tariffs in areas ranging from software to semiconductors.

"The ITA is another way of saying we can move on to another track" of speeding up liberalisation in the sector, Macaranas told reporters at a briefing.

APEC leaders have adopted a so-called action agenda to free up trade and investment by 2010 for industrialised economies and 2020 for developing economies within APEC.

Eastland declares 16 pc dividend

Eastland Insurance Co Ltd approved 16 per cent dividend to its shareholders, says a press release.

This was declared at the ninth annual general meeting of the company on Thursday at a local hotel.

The meeting was presided by Mahbubur Rahman, Chairman of the company. About 950 shareholders attended the meeting.

The company has earned a premium income of Tk. 14.15 crore in 1995 which is three times higher than that of the first year and 15 per cent higher than that of the previous year. It has 27 branches throughout the country.

Eastland has made a total investment of Tk 19.78 crore up to 1995. During the year, the company settled 757 claims for a total amount of Tk 2.36 crore.

Pragati Insurance AGM held

The tenth annual general meeting of the Pragati Insurance Ltd. was held on Wednesday at Sonarganga Hotel, Chairman of the company Abdul Monem presided over the meeting, says a press release.

This was the first annual general meeting of the company after the IPO in January 1996. Large number of shareholders attended the meeting. Company's directors were also present in the meeting.

The audited accounts of the company together with the directors' report for the year 1995 were presented to the meeting.

During the year the company earned a gross premium of Tk. 210.22 million, an overall increase of 5.08 per cent over the previous year and settled net claim of Tk. 27.38 million. Net profit before tax was Tk. 44.53 million which was 11.13 per cent higher than previous year. After providing for income tax and reserve for exceptional losses and general reserve, the company declared a dividend @25 per cent for its shareholders.

The company's assets and reserves as on December 31, '95 stood at Tk. 495.22 million and Tk. 162.14 million respectively.

Besides underwriting income, the company had earned Tk. 6.20 million in 1995 by rendering financial services to others which included services like share underwriting, debenture trusteeship, manager to the issue etc. The company has branch offices in almost all the important places in the country totaling 29 as on December, '95.

The shareholders expressed their satisfaction over the performance of the company and adopted directors' report and audited accounts of the company for 1995.

Earlier, the company held its third extraordinary general meeting and adopted special resolution amending certain clauses of the company's articles of association to bring them in conformity with the recently amended Insurance Act 1938, Insurance Rules 1938, Company's Act 1994 and Stock Exchange Rules.

The instruction was issued by the Managing Director of the Bank, A Q Siddiqui while addressing a conference of the heads of principal and regional offices and corporate branches at the auditorium of Khulna Newsprint Mill on Thursday.

He laid emphasis on the conventional method of financing projects including self-employment project.

Keeping in view the self-reliance of the marginal people in Barisal and Khulna, He advised the bank officials to make the lending programmes more dynamic to finance cottage industries, handicrafts, pisciculture, poultry, animal husbandry and other related fields.

He added that the conventional method of commercial lending for the productive sectors including the self-employment projects should be continued to reach the banking services to the doorsteps of the rural people.

The development of national economy, he added is not possible if the initiative of the rural people for the productive activities is not encouraged.

He opined that Sonali Bank could play a pivotal and pioneering role for the nation building activities.

ICB 8th MF over-subscribed

ICB Eighth Mutual Fund was over-subscribed by over 23 times, Managing Director of the Investment Corporation Khairul Huda said here yesterday.

He said the corporation received applications for subscription amounting to Taka 115.22 crore against the fund's paid-up capital of Taka five crore.

The ICB managing director told BSS that the over-subscription in the Eighth Mutual Funds reflected the response of public confidence in the corporation.

ICB Mutual Funds are popular with small and medium investors because of consistency in the rates of dividends declared and scope for capital gains, Huda said.

The Seventh Mutual Fund

was oversubscribed by 14 times last year.

The draw for the allotment of shares is expected to be held in the first week of September in presence of the officials of Securities and Exchange Commission (SEC), Dhaka Stock Exchange, ICB, he said.

The portfolio of the Eighth Mutual Fund includes Bangladesh Zipper Industries, Raspi Food and Allied Products, Talu Spinning Mills, Beximco Textile Mills, Beximco Denims, Sajib Knitwear and Garments, M. Hossain Garments Washing and Dying, Shine Pukur Holdings, Eastern Housing, ACI (Bangladesh), Wata Chemicals, Rupali Insurance, Phoenix Insurance, Eastland Insurance, Eastern Cables, Bangladesh Tobacco Company (BTC), Aramit (Bangladesh)

limited, Beximco Pharmaceuticals, Singer (Bangladesh) Limited, Jemini Sea Food, Apex Weaving Mills, Maq Paper Industries, Meghna Cement Mills, Chic Confidence Cement Mills, Chic Tex Limited, Agriculture Marketing Company, Monno Fabrics, Sandhani Life Insurance Company, Sreepur Textiles, Bangladesh Zipper (Deb), Beximco Fisheries (Deb), Beximco Textiles (Deb).

Replying to question on next mutual fund, the ICB chief executive said, "We are not thinking of floating the ninth mutual fund as our involvement in managing unit certificates has been increased tremendously."

ICB sold one crore eleven lakh unit certificates in the fiscal 1995-96 against 54.55 lakh in the previous year, showing an increase of 104 per cent.



The third extraordinary general meeting and tenth annual general meeting of Pragati Insurance Ltd was held at a city hotel on Wednesday.

Implement Sonali Bank's lending programmes properly

Sonali Bank officers in Barisal and Khulna Divisions have been instructed to properly implement the bank's lending programmes to gear up productive activities of the industrial units and self-employment projects, says a press release.

The instruction was issued by the Managing Director of the Bank, A Q Siddiqui while addressing a conference of the heads of principal and regional offices and corporate branches at the auditorium of Khulna Newsprint Mill on Thursday.

He laid emphasis on the conventional method of financing projects including self-employment project.

Keeping in view the self-reliance of the marginal people in Barisal and Khulna, He advised the bank officials to make the lending programmes more dynamic to finance cottage industries, handicrafts, pisciculture, poultry, animal husbandry and other related fields.

He added that the conventional method of commercial lending for the productive sectors including the self-employment projects should be continued to reach the banking services to the doorsteps of the rural people.

The development of national economy, he added is not possible if the initiative of the rural people for the productive activities is not encouraged.

He opined that Sonali Bank could play a pivotal and pioneering role for the nation building activities.

Durable goods orders rise 1.6 pc in US

WASHINGTON, Aug 24: Orders to US factories for durable goods climbed 1.6 per cent in July, the government said in a report Friday that some analysts said showed little sign of an anticipated economic deceleration, reports AP.

"It shows the economy is still very healthy," said economist Gary Tahyer of AG Edwards and Sons, a St Louis stock brokerage. "If it's slowing down, it's not slowing down significantly."

Amid other signs recently the economy may be braking on its own, with few indications of inflation, Federal Reserve policy makers declined to raise short-term interest rates earlier this week.

But Fed Chairman Alan Greenspan told Congress last month that if economic growth does not slow soon, the central bank will be forced to boost rates to avoid a surge in prices. Fed policy makers next meet on Sept. 24.



A Q Siddiqui, Managing Director of Sonali Bank, inaugurating as chief guest the computer services at Khulna Corporate Branch of the bank on Thursday. Abdul Jalil Joarder, the bank's General Manager, was, among others, present on the occasion.



JICA Alumni Association held its annual general meeting on Thursday with Dr M Enamul Haq, President of the association in the chair. JICA Resident Representative Kanamara was the chief guest. The meeting was followed by a cultural function.