



Move to grant cellular phone licences to pvt sector hailed

The business community congratulated the government, specifically the Ministry for Posts and Telecommunications, for its decision to grant cellular telephone licenses to the private sector bidders, reports BSS.

In a statement, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Salman F Rahman said the government has taken this important decision within the first 60 days of its term in office, which is extremely laudable considering that this issue had been held up for several years.

This move sends a decisive and strong signal to the local business community, and well as to foreign investors, that the new government is committed to developing the economy and easing the way for renewed growth and private-sector investment, he added.

Rahman urged the government to continue this process by allowing the private sector to operate land line side by side with the T and T Board and said this will speed up the development of the telecommunications infrastructure in the country and encourage foreign direct investment.

Furthermore, he said we believe that a crash programme of deregulating the public card-telephone boxes should be implemented as soon as possible, thereby dismantling the current monopoly on public telephone boxes which would immensely benefit the people at large.

The government should make this a high priority item for action, and ensure that at least 10,000 new card-telephone units are installed within the shortest possible time to alleviate the sufferings of the common person and the small business owners, he added.

Taiwanese trade delegation to visit China

TAIPEI, Aug 27: A delegation of 80 Taiwanese business leaders will leave for China on Tuesday in a meeting at the highest level since relations soured last year, reports AP.

Kao Chin-yan, a member of the governing Nationalist Party's Central Standing Committee, would not say on Monday what officials he would meet in China during the 12-day visit.

But the China Times newspaper reported he is expected to pay a call on Chinese President Jiang Zemin at the beach resort of Beidaihe.

Kao, also chairman of the private National Federation of Industries, will preside over an economic cooperation seminar in Beijing on Wednesday and later visit the mayors of Nanjing, Tangshan, Qingdao and other northern Chinese cities, the Federation said.

He told the paper he wanted mainly to discuss protection for Taiwanese investments in China. Kao also heads the president group, a major investor in China.

Kao Sin-yan, secretary general of Taiwan's economics ministry, will also join the delegation in a private capacity to skirt a Taiwanese ban on visits to China by senior ministry officials.

Palestinians will ask donors to cover \$150m budget deficit

JERUSALEM, Aug 27: Yasser Arafat's Palestinian Authority will ask donor countries to cover a 150 million dollars budget deficit for 1996, a Palestinian economist said Monday, reports AP.

The Palestinians say the spending gap is largely a result of Israel's six-month blockade of the West Bank and Gaza Strip which has kept thousands of Palestinian laborers from Israel and restricted trade.

The donor countries are to meet Sept 5 in Washington. Mohammed Ishteyeh, head of PCCDAR, the agency set up to administer economic aid, said the Palestinians would ask the donors to cover all of 150 million dollar deficit for this year.

The donor nations pledged at a meeting in Paris in January to cover the Palestinian deficit which at the time stood at 75 million dollars.

UN officials have estimated that the closure has cost the Palestinian economy 600 million dollars. According to the United Nations, the per capita income has dropped from 1,800 to 800 dollars a year in the West Bank, and from 200 to 700 dollar in the Gaza Strip.

Israeli Finance Minister Dan Meridor was to meet Tuesday with his Palestinian counterpart, Maher al-Mari, to discuss the Palestinians' economic problems.

Tofael tells visiting WB Vice President Problems in 3 sectors to be solved on priority basis

Commerce and Industry Minister Tofael Ahmed said here yesterday that the government had identified the problems relating to investment, industrialization and privatization process in the country and fixed up the priorities in resolving those reports BSS.

He told the visiting World Bank Vice President Joseph Wood who called on him at his secretariat office here.

The minister said, a new legislation would be enacted very soon to allow exclusive export processing zones in private sector. Besides, the government had taken decision to

expand Dhaka EPZ and establish third EPZ at Gazipur. Prime Minister Sheikh Hasina gave directives to complete the whole work within next one year although normally it took four years, he added.

The minister said, the government was going to simplify the investment procedure and import policy was being liberalized. He said, the government would act as the facilitator to promote and patronize the private sector in the country.

Another report says, Visiting vice-president of the World Bank Joseph Wood called on Minister for Energy and Mineral Resources Lt. General (Retd)

Muhammad Noor Uddin Khan at his office yesterday.

They discussed matters relating to development of power sector in Bangladesh with particular reference to generation and distribution of power, reduction of system loss in power sector, privatization and division of responsibilities for generation and distribution of power in the country.

The progress of implementation of different projects in the gas sector and the future use of gas also came up for discussion.

Mission chief of the World Bank Pierrem Landell Mills and other concerned officials were present.

Cotton cultivation in Natore facing manifold problems

NATORE, Aug 27: Cultivation of cotton, a prospective cash crop of the country, is facing set-back having left only to the private sector without financial and institutional support, reports UNB.

About 86,000 bales of cotton are being produced every year against an estimated demand of six lakh bales, meeting only 15 per cent of the country's requirement. Imports meet the rest of the demand.

Sources said cotton is now being cultivated on only 95,000 acres of land. But the prospective area for cultivation of cotton was estimated at about 2.40 lakh acres.

Cotton Development Board (CDB), established in 1972 to face a cotton crisis then, is itself facing problems after European Commission assistance came to a halt causing a fall in overall cotton production.

Although cotton production in the country increased after 1972 but it never could achieve its production target.

During the pre-liberation

period, local producers did not get much incentive to produce quality cotton and the shortage of cotton in this area was met from the supplies of West Pakistan that benefited only the businessmen in Karachi.

After independence, the country faced with an acute shortage which forced many cotton mills to close down.

Even in 1994, about 60 per cent of the spinning mills of the country faced closure for want of raw materials — partly for low production and mainly for a price hike in world markets caused by export restrictions by Pakistan and India, two big cotton exporters.

In 1982, the Integrated Cotton Development Project (ICDP) was undertaken with the assistance from EC that included cotton research, seed extension and training programmes.

Sources said the CDB showed optimum achievement from the integrated programme, but the EC was not convinced. The EC wanted to survey cotton growing areas and the quality of cotton and an economic adviser of

EC personally visited a number of spinning and cotton mills. He found that the figure quoted during 1993-94 about the cotton production was exaggerated and recommended termination of the EC's assistance.

Although, the CDB has taken some steps for quality control, the cultivators are more interested in selling their output to private buyers (Ginners) as they get higher prices.

The producers need quick cash money as they do not have much institutional credit and marketing facility. Unless such facilities are given at producers level, cotton cultivation would not develop, sources added.

Inadequate and unskilled manpower of the board is another reason, behind the unsatisfactory development in cotton production, the sources opined.

Meanwhile, convinced of the feasibility and potentiality of cotton production, some interested growers are expanding cotton cultivation under private initiative.

Gold haul seized at New Delhi airport

NEW DELHI, Aug 27: Indian Customs seized 31.5 kilos (69 pounds) of gold from four women who arrived here on a chartered flight from Kazakhstan, officials said Tuesday, reports AFP.

Customs Commissioner N Raja said the arrests were made at the Indra Gandhi International Airport on Monday following a tip-off that Kazakh mafia used women passengers to smuggle gold into India.

Raja said the gold was found concealed in belt bags. "The women's evasive and nervous behaviour gave them away," he said.

Workshop on credit union concludes

The four-day workshop organised by the Cooperative Credit Union League of Bangladesh (CCULB) in collaboration with the Association of the Asian Confederation of Credit Unions (ACCUC) held at the Caritas auditorium in the city concludes yesterday, says BSS.

The league, which is a conglomerate of 600 credit unions spread all over the country is engaged in alleviating poverty among its low income earning members. Representatives of credit unions from all over the country attended.

Mesbha Uddin, Additional Registrar of the Cooperative Societies of Bangladesh, was the chief guest while Simon A Pereira, Chairman of the CCULB, presided.

BSRS officers' foundation course ends at BIBM

A specially designed month-long foundation course for the newly appointed officers of Bangladesh Shipra Rin Sangstha (BSRS) was concluded at the Bangladesh Institute of Bank Management (BIBM) yesterday, says a press release.

The BIBM conducted this course at the request of BSRS authority with a view to imparting knowledge and skill on the over-all banking mechanism with special emphasis on DFI.

The course mainly dealt with financial system, project appraisal, sanctioning, documentation, disbursement, supervision, monitoring, recovery of loans, commercial banking, banking laws, investment banking etc.

Director General of BIBM, A H M Nurul Islam Choudhuri, chaired the concluding session while SA Chowdhury, Managing Director of BSRS, attended the function as chief guest and distributed certificates among the trainees. Stressing the need for training, Chowdhury remarked that to be a prudent banker, one should assimilate theory with practice and training is the only medium of such development.

The Director General of BIBM urged the bankers to practise and properly utilise the knowledge and skills acquired during the training.

BIBM faculty members and coordinators of the course ATM Abdus Shahid and Md. Nurul Islam also spoke on the occasion.

China's economy enjoying rosy year in '96

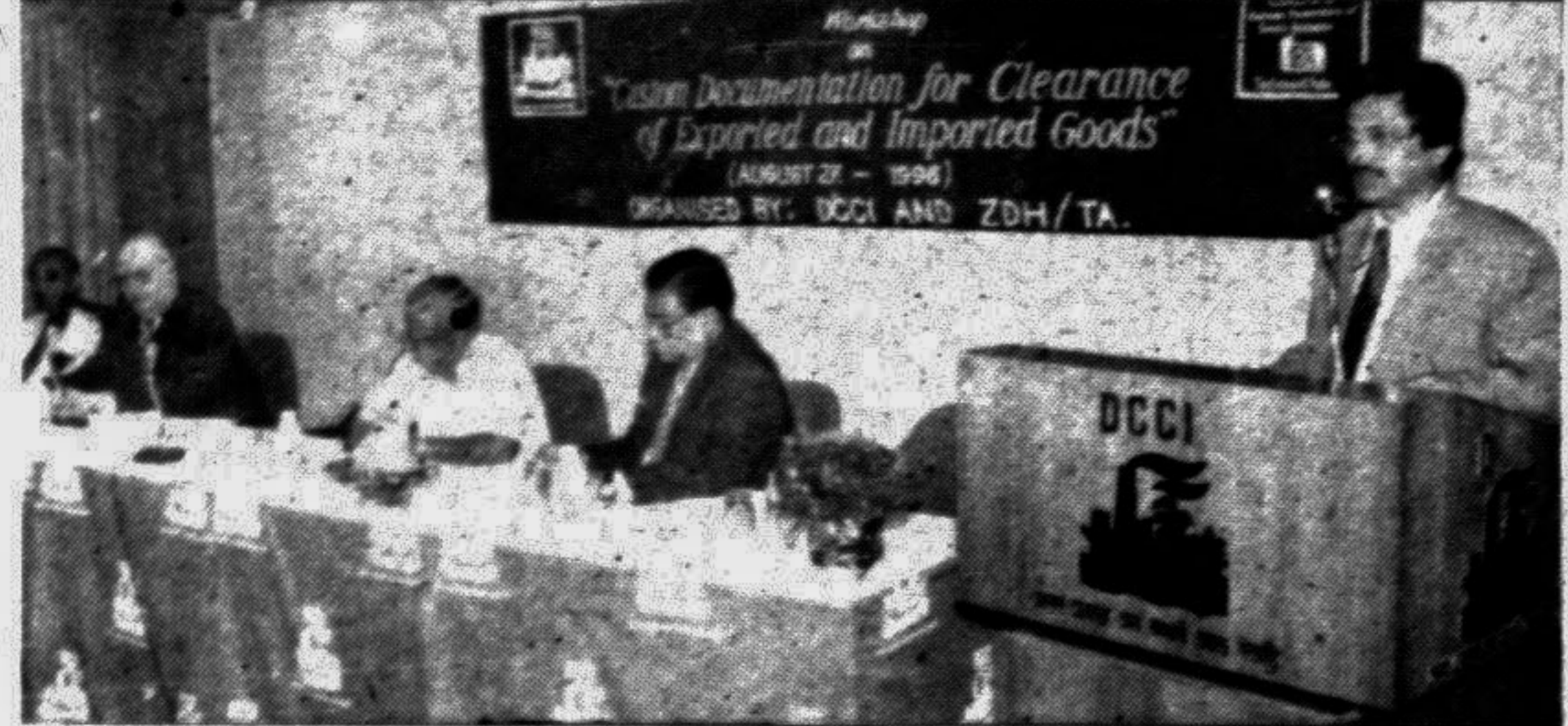
BEIJING, Aug 27: China's economy is enjoying a rosy year in 1996 officials said but the country's ailing state sector remains a major headache amid the government's reluctance to ease tight credit policies, reports AFP.

For China, 1996 will mark the first year in the 1990s that its economy will outgrow inflation. State Statistics Bureau (SSB) spokesman Qiu Xiaohua was quoted as saying by the China Daily on Tuesday.

Hailing what he described as the opening of "a new cycle of economic growth," Qiu predicted that the country's Gross Domestic Product (GDP) would grow between nine and 10 per cent in 1996, with inflation standing at less than eight per cent.

However, while that momentum has left smiles on the faces of the Chinese leadership, the China Daily reiterated warnings by some economists that the government's insistence on maintaining strict credit controls would "rub salt on the wounds of stagnant state sectors."

While recognising the problems felt by state firms in the early part of 1996 — notably a widespread drop in sales and growing economic losses — made it clear that the credit controls would remain in place until at least 2000.



Acting President of the Dhaka Chamber of Commerce & Industry (DCCI), Absar Karim Chowdhury, seen delivering his speech at the workshop on "Custom Documentation for Clearance of Exported and Imported Goods" jointly organised by the Dhaka Chamber of Commerce & Industry, German Federation of Small Business (ZDH) and Technonet Asia (TA), Singapore held at the DCCI Auditorium yesterday. First Secretary Embassy of the Federal Republic of Germany in Bangladesh Dr Erhard Voelzke, DCCI Former President R Maksud Khan, Resident Representative of ZDH/TA M Azizur Rahman, DCCI Secretary M Azizur Rehman are also seen in the picture.

Indian court turns down Enron's request for quick verdict

BOMBAY, Aug 27: An Indian court on Monday turned down a request by a United States based company for a quick verdict following a controversial, \$2.9 billion dollar power station, reports AFP.

The Bombay High Court's decision provoked a lawyer for Houston based Enron Corp to suggest the company might pull out of the project because of the delays.

The court ruled it would not be rushed into a decision after a left wing union claimed the firm had bribed officials in the western state of Maharashtra to get clearance for the project.

"It is in the interest of all that the court does not hurry up," said Judge B.P. Saraf. "We are dealing with serious issues concerning not only Maharashtra but the whole country."

The Center for Indian Trade Unions (CITU)'s project regarded as a litmus test of India's commitment to opening up its economy to foreign investors.

Work had begun in March 1995 before the state govern-

ment and then the national government were replaced by new administrations demanding reviews of the plans.

A Hindu nationalist government run by the Shiv Sena Party immediately forced Enron to renegotiate terms. The company agreed to lower electricity tariffs, change the fuel from liquefied natural gas to naphtha and raise generating capacity from 2,015 to 2,450 megawatts.

India's national elections, however, forced new holdups which were extended by the city's fraud allegations.

"The public cannot be a victim to the government's changing stands," Judge Sara said on Monday.

He asked the new Chief Minister of Maharashtra, Manohar Joshi, and State Power Minister Gopinath Munde to give a statement to the court on why the project had been scrapped in the first place, in August last year.

"They should also state the compulsions behind renegotiating the project and withdrawing

the suit against Enron," he said. Enron's lawyer K K Venugopal told the court Enron had already borrowed more than 130 million dollars for the project and financial institutions were threatening to cut off finance.

"It is suffocating," Venugopal said and asked for a verdict by September 2. "The project is becoming uneconomical. We are wondering whether it is worth it. We have no money today," he said.

Judge Saraf replied, however, "you are such a big company. We cannot believe this. Anyway you have waited for two years. We are doing our best. It is for you to take commercial decisions, while we take the legal decision."

The latest terms have to be cleared by the Indian government, which provides financial guarantees for the project, the largest single foreign investment since New Delhi launched its free market reform in 1991.



Bangladesh was a prominent participant at an International Round Table held in Bonn to debate the theme "Promotion of the private sector and the role of the government" in the run-up to UNCTAD IX (April 27 to May 11, 1996) in South Africa. It was organised by the Development Policy Forum of the German Foundation for International Development (DSE) in co-operation with the German government and the UNCTAD IX Secretariat. Picture shows Bangladesh's Dipal Chandra Barua (right) in conversation with Dr Dietrich Kurth (BMW). — IN photo

Further fall in Pak unit against dollar forecasts

KARACHI, Aug 27: Foreign exchange dealers yesterday forecast a further fall in the Pakistani rupee against the US dollar, following an estimated 15 per cent devaluation in the rupee since June 1995, says AFP.

There appears to be little likelihood of the rupee regaining its value soon, dealers said, adding that the downward slide is continuing.

"The rupee will continue to slide," said forex dealer Owais Kalia of Khanani and Kalia International.

The central State Bank of Pakistan (SBP) has devalued the rupee against the US dollar seven times since Prime Minister Benazir Bhutto's government presented the budget in June this year, causing uncertainty about Pakistan's fiscal position and forex reserves.

The government's level of the rupee currently stands at 55.53 against the US dollar, compared to 31.01 rupees to the US dollar in June last year, indicating a devaluation of around 15 per cent, according to official figures.

But the rupee is also traded on the open currency market, where its value fell further to 39.05 against the US dollar, showing a slide of 21.88 per cent.

The government had devalued the rupee by seven per cent in October last year, saying decision was taken to enhance the country's exports. Since then, the value of the rupee has continued to fall.

SBP sources quoted by a local Daily Dawn Monday dented rumours of a five per cent devaluation of the Pakistani currency. "Why should rupee be devalued when exports are picking up," it said, quoting unnamed SBP sources.

Asian companies had reached "a critical stage" in their development and should now review their management practices in order to compete with western conglomerates, he said.

Pakistan plans to buy sugar from India

NEW DELHI, Aug 27: Pakistan plans to buy 208,000 tonnes of sugar from India during the fiscal year to March 1997, more than half of which has already been exported, a minister said here yesterday, reports AFP.

Minister of State for Commerce B B Ramaiah told parliament that New Delhi had shipped 120,000 tonnes of sugar following quality tests by representatives of the Trading Corporation of Pakistan.

India is the world's largest producer of sugar.

Asian firms need to review management practices

HONG KONG, Aug 27: Asian firms need to review management practices due to rising competition at home from expanding international companies, a management consultant firm said yesterday, reports AFP.

William Best, Vice-President of management consultant firm AT Kearney, said in a statement that Asian companies had grown profitably in many years without a great need for strategic planning.

"However, firms throughout the world, are moving to be part of the action in Asia, the locals will have to be more strategic about how they compete in their own markets and on a global basis," said Best.

Asian companies had reached "a critical stage" in their development and should now review their management practices in order to compete with western conglomerates, he said.

Lanka raises 50pc salary for govt employees

COLOMBO, Aug 27: The Sri Lankan government on Monday announced a hefty 50 per cent salary increase to all public sector employees and said it was also appointing a committee to improve state sector productivity, reports AFP.

The government in a statement said that it was also raising pensions by 10 per cent and the increases would cost the state an additional 8,000 million rupees (145 million dollars) annually.

"Cabinet approved the 50 per cent increase in two stages," a government statement said, adding that the first increase will be in January to be followed by the second raise in 1998.

The one-page statement did not say from where the government would raise the additional money to pay the enhanced salaries on top of the mounting defence expenditure to battle Tamil Tiger rebels in the island's north-east.

The government has also initiated action for the development of a programme of public service reform as a matter of urgency," the statement said.

Financial analysts saw the salary package as a sign that the government was moving towards local council elections which had been postponed twice by President Chandrika

Kumaratunga's administration in 18 months.

Analysts pointed out that the increased pay packets may be at the expense of pensions which cost the state an annual 16 billion rupees (190 million dollars).

"The government has approved the setting up of a committee to examine the existing pension scheme in the context of its long-term affordability and other relevant factors," the government said.

State planners have called for the abolition of pensions in a bid to find money to finance the government's war against Tamil Tiger guerrillas in the island's northeast.

Malaysia posts \$ 229.6m trade surplus in June

KUALA LUMPUR, Aug 27: Malaysia posted a bigger trade surplus of 574.1 million ringgit (229.6 million-dollar) in June, compared with May's surplus of 238.2 million ringgit, the statistics department said Tuesday, reports AFP.

The 140.8 per cent month-on-month jump in the surplus figure was due to higher exports, which totalled 16.3 billion ringgit over imports valued at 15.7 billion ringgit, it said in data, released through the Bernama news agency.

June's improved trade performance contributed to a narrowing of the January-to-June trade deficit to 798.4 million ringgit compared with a hefty

shortfall of 5.6 billion ringgit in the same period a year ago.

Exports for the first half year grew at a much faster rate of 12.6 per cent to 96.5 billion ringgit, over imports, which grew by 6.6 per cent to 97.3 billion ringgit.

Thermionic valves and tubes and photocells were among Malaysia's largest export earners, contributing to 18.8 per cent of total export earnings.

Palm oil, the second largest export revenue earner, netted 4.4 billion ringgit to account for 4.5 per cent of total exports, the department said.

Machinery and transport equipment, on the other hand, contributed to the bulk of

Malaysia's total imports. The better trade surplus boosted investor sentiment on Malaysia's stock market, pushing the key composite index up by 1.63 points to 1,118.00 in the first hour of trading.



Khorshed Alam, Governor of the Bangladesh Bank, speaking as chief guest at the installation ceremony of the newly elected Executive Committee of Bangladesh Bank Club, Dhaka yesterday.