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The Daily Star BUSINESS

DHAKA SUNDAY, SEPTEMBER 29, 1996



HYUNDAI

CARS THAT MAKE SENSE

Nepal for joint collaboration to promote tourism

Nepal offered Bangladesh joint collaboration for promoting tourism between the two neighbouring countries for mutual benefit, reports UNB.

Nepalese Ambassador in Dhaka Lok Bahadur Shrestha made the offer at a press conference here yesterday afternoon, saying "I feel that there exist good possibilities of fostering bilateral cooperation between Nepal and Bangladesh in fields of tourism promotion. The two countries are bound to benefit a lot through such cooperation."

The envoy said Kathmandu and Dhaka could boost cooperation in the field of package tourism.

The exotic Sundarban delta, world's largest seabach of Cox's Bazar, historical and cultural sites of Bangladesh provide necessary backgrounds for attracting international and domestic tourists from Nepal to Bangladesh, he told

reporters.

Inviting Bangladesh's investment to the tourism industry in Nepal, the Ambassador said: "We firmly believe that given a spirit of genuine cooperation, the SAARC region is bound to benefit from the flow of tourists both within and without in the 21st century."

The press conference was organised by Nepal View Travels Ltd marking the "Visit Nepal Year-1998".

In reply to a question, Shrestha said the question of cooperation between the two countries in tourism was discussed at a joint economic commission (JEC) meeting, but no modus operandi of the proposed cooperation had yet been worked out.

The Nepalese Ambassador said Bangladesh tourists could travel Nepal by land route shortly through Burimari-Kakarvithita point as he said the Indian authorities have

agreed to provide land route and issue double entry visa for tourists from here.

Describing tourism as an important foreign exchange earner in Nepal, he said the growth rate of tourists arrival in the Himalayan Kingdom is 11 per cent which is well above the average world growth of 4.6 per cent.

The motto of "Visit Nepal Year-1998" is to stimulate the tourism industry in the form of national campaign to ensure both domestic and international participation in its development.

The Nepalese government, he said, has defined some concrete objectives of "Visit Nepal Year-1998". These include increment of tourist arrival to 350,000 to 500,000 by the year 1998 and augmentation of the current annual income of 88.12 million US dollars from tourism.

The cost of doing business : Its effect on foreign, domestic investment

By Owaise Saadat

At a time when the level of total foreign direct investment (FDI) has surged to a record 315 billion US dollars in 1995, regrettably, Bangladesh and some other developing countries have been marginal recipients of this flow.

According to the World Investment Report, released in Dhaka on Tuesday, Bangladesh received only 125 million US dollar in 1995. In fact, the entire South Asia Region fared badly receiving a modest 2.7 billion US dollars, with the bulk garnered by India.

This article examines some of the key elements which influence the flow of private sector capital into developing countries, particularly countries like Bangladesh which are determined to catch the "third wave" of accelerated development in South East Asia.

oblivious to the fast changing regulatory environment in competitor countries, thus restrictions like the "lock-in clause" should only be imposed by SEC with adequate knowledge of "market conditions" in competitor countries.

Above all, Bangladesh must strive to be at the cutting edge of the fast changing financial regulatory environment since any negative move would prompt prospective investors to move money to a more "friendly destination".

Last but not least, an attractive investment feature in Bangladesh is the political consensus on a free market-based private sector-led economic development strategy. In other words, there is no fundamental conflict between the political and economic system of the country and the marketing message now should be like Nike's footwear: JUST DO IT!

Similarly, a common investor concern is the level and stability of the foreign exchange reserves as the repatriation of profit is directly linked to this aspect. In the absence of a healthy reserve, even a sovereign guarantee is merely a worthless piece of paper. Again, investors are directly concerned with the country's trade policies since sudden shifts in the tariff structures and quantitative restrictions could bear directly on the overall viability of the investment.

Last but not least, in the health of the financial sector and its ability to intermediate different maturities of savings and loans in the economy. A sick banking sector is known to be a major constraint to the local investors collaborating with foreign partners because of its inability to provide long term debt financing.

Before moving to the other aspects of "enabling environment" one can demonstrate the importance of macro-economic stability with an example of differentiated terms for private flows to developing countries: in 1995 new bond issues by East Asian borrowers averaged a maturity of nearly 12 years with a spread of 116 basis points over comparable government benchmark issues.

Alternatively, Latin American borrowers, with the less stable macro economic conditions, could only obtain three year maturities, for which they paid a spread of 336 basis points. The message is clear: isolationism carries a high cost in terms of foregone finance, inhibited investment and expensive and often misallocated domestic credit.

count Bangladesh still has a very unsatisfactory record which has been the main reason for the abnormally low level of domestic and foreign investment levels in the country.

Actually, there are several aspects to this facet of the "enabling environment", but the following three need to be addressed by the government on an emergency basis: (i) removal of regulatory constraints, (ii) strengthening of the legal system, and (iii) relieving severe infrastructure bottlenecks.

Above all, there is a need for the bureaucracy to play a pro-active role in promoting and facilitating investment. For this, not only an appropriate system of incentives and accountability has to be introduced, but the political leadership should vigorously enforce a public-private partnership as a key element of its private sector development strategy.

Minister directs officials Ensure fair price of jute

State Minister for Jute and Textiles A K Faezul Huq directed the officials concerned to ensure fair price of jute during the purchase from growers, reports UNB.

Directing the officials to follow the instruction strictly, the minister said no irregularity in this regard would be tolerated.

regaining the glory of the golden fibre.

Referring to various problems facing the local growers of jute, he assured the farmers of taking steps to remove those problems.

Local Awami League leaders, including Lt Col (ret'd) M Faruq Khan, were present on the occasion.

Akand.

The association, however, admitted that the market price of raw jute is lesser than that of last year because of lack of adequate capital of the businessmen.

It urged the government to take immediate steps to approve or renew the CC limit of private jute purchasers and exporters to help increase price of jute in the market.

An official handout said here yesterday that Faezul Huq sounded the caution while inaugurating a jute purchase centre of People's Jute Mills at Bhatipara in Gopalganj district on Friday.

He said the government is committed to taking necessary measures to ensure fair price of jute.

The State Minister urged the farmers to grow quality jute for

News on jute purchase not correct: BJA

Bangladesh Jute Association yesterday claimed that jute was selling in different markets of the country between Tk 400 and 550 per maund.

The news published in some newspapers during last few days that jute is selling below Tk 200 per maund is not correct, said BJA chairman Abdur Razzak

The BJA alleged that during the rule of previous governments, jute had always been used as an instrument of serving political interest.

But these baseless reports about low market price of jute create impact on the market and the buyers become reluctant to procure raw jute at higher rate," said BJA.



The 12th & 13th Annual General Meeting of shareholders of Pubali Bank Limited held at its auditorium on Thursday with E A Chaudhury in the chair. All directors and a large number of shareholders attended the meeting.

Jute market sluggish in Netrokona

NETROKONA, Sept 28: The jute market is sluggish in the district and growers are at stake with their products in the absence of government jute purchasing centres, says UNB.

Local farmers alleged that due to lack of jute purchasing centres they are being compelled to sell their produce below the production cost to the 'farias' and middlemen.

UN seeks \$40m food aid for Iraq

UNITED NATIONS, Sept 28: With an oil-for-food deal on hold, the United Nations appealed Friday to members and donors to contribute some 40 million dollars for emergency food and health aid for Iraqi civilians, reports AP.

The majority of Iraqi civilians are living below the poverty line and malnutrition is rampant, the United Nations said. Fighting in northern Iraq has forced tens of thousands of people to flee their homes.

Aman cultivation in N-region faces acute shortage of fertiliser

SIRAJGANJ, Sept 28: Aman cultivation in northern region of the country is facing series of impediments due to acute shortage of fertiliser, says UNB.

According to official sources, some 7.429 metric tons of fertiliser is needed each year for aman cultivation on 1.23,820 hectares of land in 12 northern districts. But supply of fertiliser is not adequate enough to meet the requirement.

Emirates raises weekly flights to Nairobi, Jakarta

Emirates will increase weekly flights to Nairobi and Jakarta from October 27, when the airline commences its winter schedule, says a press release.

Emirates has been granted approval by the Kenyan Government to launch a third weekly flight between Dubai and Nairobi, and by the Indonesian Government for a fourth weekly flight between Dubai and Jakarta.

Tk 4.49cr uplift work in Naogaon

NAOGAON, Sept 28: Work on uplift schemes at a cost of Taka 4.49 crore is progressing fast in the district under the Dutch government aided '18-district town project', reports UNB.

The schemes included construction of two overhead water tanks at a cost of Taka 80 lakh, two water treatment plants costing Taka 1.50 crore and sinking of tubewells at a cost of Taka 57 lakh and construction of toilets at a minimum cost, said an official handout.

'Half of India's cellular phones smuggled in'

NEW DELHI, Sept 28: About half the 150,000 cellular phones used in India are smuggled in to feed the overwhelming appetite of the middle-classes, a newspaper said yesterday, reports AFP.

The Business Standard quoted Ronald Thomas, director of US telecoms giant Motorola, as saying that smuggled cellular phones caused a net loss of 967.5 million rupees (27.5 million dollars) to the exchequer.

Rise in agri-input prices Paddy output falls in S-dists

MADARIPUR, Sept 28: Paddy production in 11 southern districts has been declining by about 4.25 lakh tons every year due to rise in prices of agricultural implements, withdrawal of subsidy and adverse fluctuations in paddy price, reports UNB.

Production, however, increased in this area last year but farmers lost interest because prices fell below production cost. Decline in paddy production has been recorded in the districts of Barisal, Faridpur, Madaripur, Gopalganj, Shariatpur, Rajbari, Bhola, Patuakhali, Jhalakathi, Bogra and Pirojpur.

Sikkim budget for '96-'97 passed

GANGTOK, Sept 28: The tax-free sikkim budget for 1996-97 was yesterday passed in the state assembly, reports PTI.

The Rs 4.42 crore deficit budget showed total revenue receipts of Rs 1243.78 crore against disbursements of Rs 148.20 crore.

Later, the house was adjourned sine die.

Half of India's cellular phones smuggled in

Thomas warned that the figure could swell to 6.4 billion rupees by next year if the illegal trade in India's latest fad was not curbed.

Thomas said the contraband trade flourished, despite a cut in customs duty on cellular telephones from 72.5 per cent to 51.8 per cent, because there was a yawning gap between prices of phones sold here and abroad.

The Backdrop to Private Sector Investment Flows

Before addressing the specific conditions affecting a businessman's investment decision, it is important to provide an overall perspective including a global context, in which Bangladesh and other developing countries are vying for private sector capital flows.

Almost every developing country is vigorously competing for FDI and in attracting securities to its capital market. This effort is engendered by two factors: the enormous investment needs of these countries, particularly for infrastructure development, and also because the hey days of Official Development Assistance and Grant financing from multilateral and bilateral donors are fast waning.

The Macro-Financial Environment

A casual observer of the private sector investment market may consider a country's macro-financial aspects of little or no significance to prospective investors, and something which mainly concerns the interest of drawing room economists and theoreticians. This view is quite misplaced since experience around the world confirms that a table macro financial environment is indeed a critical factor in determining the level, terms and nature of private sector investment.

Removing Business Hassles

Though maintaining macro economic stability is a necessary condition for mobilizing higher levels of investment, it is not a sufficient condition. Macro-stability without an accompanying "trouble free" regulatory environment is like having a "Rolls-Royce" without a road to drive it on — there will be no investors to take advantage of the macro-stability.

WB chief predicts quick action on debt relief

WASHINGTON, Sept 28: World Bank President James Wolfensohn is predicting that relief for some of the world's poorest highly indebted nations could come as soon as the end of the calendar year, reports USIS.

"I think we're very close to reaching a positive and a productive agreement that will allow us to proceed immediately on some specific cases," he told reporters September 27.

BB bill auction

The 21st auction of the 30-Day Bangladesh Bank Bill and the 91st auction of the 91-Day Bangladesh Bank Bill were held here yesterday, reports UNB.

Thirty bids for a total of Tk 216.90 crores and twenty bids for a total of Tk 106.00 crores were offered respectively against the 30-Day and 91-Day Bills.

Tofael stresses implementation of uplift programmes

BHOLA, Sept 28: Commerce and Industries Minister Tofael Ahmed said the government allocated Taka 100 crore in the current fiscal year to implement various poverty alleviation programmes, says UNB.

He was addressing at a gathering of the orphans, teachers and employees of Bhola Government Shishu Sadan here on Friday.

DCCI workshop on product design

A workshop on "Product Development and Product Design" was organised at the training centre of Dhaka Chamber of Commerce and Industries in the city yesterday, reports UNB.

DCCI President Ali Hossain inaugurated the workshop, jointly organised by the Business Advisory Service (BAS) of DCCI and German Technical Assistance (GTZ). The team leader of BAS project, Michael K. Nathan, also spoke on the occasion.

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