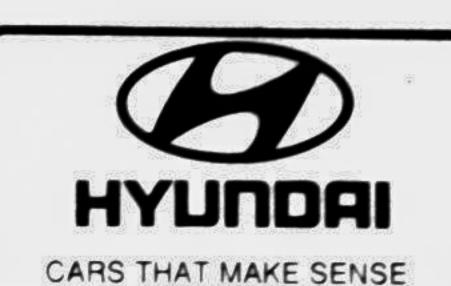


# DThe Baily Star DUSINESS



Tariff on certain SAARC items will go from Dec 7

COLOMBO, Nov 13: Trade barriers within the South Asian Association for Regional Cooperation (SAARC) for specified items will be lifted from December 7, according to industrial ministry sources today reports Xinhua.

The sources said the South Asian Preferential Trade Agreement (SAPTA), signed on December 7, 1995 by the SAARC countries - Sri Lanka, India. Pakistan, Bangladesh, Bhutan Nepal and the Maldives, will come into effect on that date.

The sources quoted minister CV Gunaratna as saving Tuesday among SAARC countries by lifting tariff barriers placed on certain items for the benefit of their people, in a spirit of mutual accommodation with full respect to sovereignty, equality indepen dence and territorial integrity of all states.

Under this agreement, the biggest trade partner in the region India will grant tariff concessions for 106 items Pakistan 35 items. Sri Lanka 31 items, the Maldives 17 items. Nepal 17 items and Bhutan 11 items.

# BTMA, UCEP sign MOU

Bangladesh Textile Mills Association (BTMA) will provide 25 per cent of running cost and 100 per cent of training materials for the textile training unit of UCEP — Dhaka Technical School.

A Memorandum of Understanding (MOU) for 'cooperative training program was signed yesterday between BTMA and UCEP-Bangladesh in a simple ceremony at BTMA office, says a press release

As per the MOU, BTMA members will ensure suitable jobs with standard wages to all graduates of the textile training unit of UCEP — Dhaka Techni

cal School. After completion off-the-job training courses at UCEP, each trainee will be awarded final certificate subject to successful completion of three months onthe job training at the factory.

UCEP will update the courses or part in consultation with BTMA and according to relevant labour market analysis.

UCEP will also arrange suitable training courses for the workers of BTMA member mills and the cost will be borne by the concerned mills. Similar MOU has been signed between UCEP and Bangladesh Finished Leather and Leather-goods Ex porters Association (BFLLEA) for 'cooperative training program' earlier.

An advisory council will look after the issue which will be formed very soon taking representatives from each side.

## China, UK sign minute on HK's exchange fund

HONG KONG, Nov 13: The Chinese and British sides on the Joint Liaison Group (ILG) today signed an agreed minute on the question of the ar rangements for the transfer of Hong Kong's exchange fund, reports Xinhua.

Signed by senior Chinese and British representatives Zhao Jihua and Hugh Davies. the four-item minute said the Chinese government has decided that the exchange fund of Hong Kong shall on the commencement of July 1, 1997 be transferred in its entirety to the Hong Kong Special Administrative Region (HKSAR) government, which shall manage the fund on its own in accordance with the relevant laws of the HKSAR

The decision of the Chinese government was made in accordance with the Sino-British joint declaration on the question of Hong Kong and with the HKSAR basic law, which states that "the exchange fund of the HKSAR shall be managed and controlled by the government of the region, primarily for regulating the exchange value of the Hong Kong dollar.

## China's trade surplus hits record in Oct

BEIJING, Nov 13: China recorded a trade surplus of 3.91 billion dollars in October, its largest trade surplus ever in a single month, official reports

was attributed to a decline in imports following a surge earlier this year in purchases of overseas equipment that will

figure to 15.5 billion dollars. the fourth straight month of increase. Imports totaled 11.31 billion, up just three per cent over a year earlier, the newspaper China Daily reported, citing figures from the General Administration of Customs.

# ADP to face critical review

# Govt identifies 175 projects for slashing allocations

Star Report

The government has decided to critically review the Annual Development Programme (ADP) 1996-97 in order to identify the public sector projects which can be transferred to the private sector for implementation, according to a well-placed source in the planning commission.

The government has also identified 175 projects out of 858 projects in 1996-97 ADP for slashing their allocations in order to rationalize the development expenditure.

These decisions were taken at a meeting of the ECNEC headed by Prime Minster Sheikh Hasina last month

ECNEC also resolved that other projects in the ADP should be reviewed by the concerned ministries or divisions and the planning commission in order to revise their respective allocation.

The government will allocate an additional Tk 50 crore

A workshop yesterday stre-

ssed the need for making best

use of public resources and

establishing an effective insti-

tutional framework for public

expenditure management, re-

"Review of Public Expenditures

in Bangladesh," organised

jointly by the Ministry of

Finance and the World Bank,

was held at the NEC auditorium.

Finance Minister Shah AMS

Kibria laid emphasis on formu-

lating proper guidelines for

public resource management

and improving the existing

He termed the shortcomings

methods of public expenditure.

in the public expenditure con-

trol a fundamental problem of

the financial sector and said

that the country did not have

any suitable method of rectify-

ing the problems relating to the

problems like slow progress in

project selection, approval and

implementation as well as lack

of efficiency in the public insti-

tutions and of reforms in the

"We cannot name any public

institution of which we can be

proud," he said adding that

weaknesses in running these

institutions lead to slowdown

of their activities. "There is a

tendency to concentrate power

The finance minister said

the government would try for

establishing better macroeco-

nomic management to the best

of its ability. With the change in

political scenario, time has

come to devote to economic de-

World Bank Resident Mission

chief Pierre Landell-Mills said

control of public expenditure

and resource management is

crucial for survival of a gov-

ernment. He stressed proper use

The Dhaka Stock Exchange

investors are out of touch with

reality and the share prices are

merrily headed off to outer

heady nineties for Dhaka

where stocks have increased in

prices, sometimes to 100 or 200

Much has been said about

times for no apparent reasons.

the current rise in stock prices.

The phenomenon of increased

The workshop co-organiser,

to the centre," he added.

velopment, he said.

financial sector.

Kibria pointed out various

public resource management.

Inaugurating the workshop.

The day-long workshop on

ports UNB

for the industry sector by cutting funds from World Food Programme activities and roads and culverts projects in the rural areas.

Since the government would not implement the Rupsa Bridge project and Dhaka City Flyover construction projects during the fiscal 1996-97, it would revise the allocations for these projects.

The meeting held at the Premier's secretariat was attended among others by the ministers of Finance, LGRD. Water Resources. Energy. Communications. Agriculture and state minister for Religious Affairs, cabinet secretary principal secretary, planning secretary and other high offi-

The Prime Minister emphasised that the ADP 1996-97 must reflect the government's highest priority for the agriculture sector and all allocations

Salahuddin Kasem Khan (2nd from left), Chairman UCEP Board of Governors and

Mohammad Shajahan (middle) Chairman, BTMA yesterday signed a MOU for

'Cooperative Training Programme' on behalf of their respective organizations. Col (Retd)

Mujib ur Rahman Vice-Chairman UCEP Board of Governors, Prof Ahmadullah Mia.

Director, UCEP-Bangladesh, Hasan Jamil, Sr Vice Chairman, BTMA and other high

Kibria addresses workshop

Formulate proper guidelines for

public resource management

Wastage increases the need

for resources." Landell-Mills

said and suggested tight man-

agement of public finance in

view of the limited resources.

He also emphasised on updated

and modernising the budgeting

Ali Khan delivered the welcome

address at the workshop, where

participants from the govern-

ment and the World Bank re-

viewed the entire gamut of pub-

lic expenditure system in

applying an appropriate set of

public expenditure criteria, im-

proving the pattern of public

The workshop focused on

Bangladesh.

Finance Secretary Dr Akbar

of aid and reducing wastage.

officials from both organizations were also present on that occasion.

in the ADP, must be refixed in accordance with that priority for speedy poverty alleviation and rural development.

She further added that it was important to take up specific projects to implement the government's privatisation programme and asked the authorities concerned to rationalise all project allocations in the light of economic benefits.

The government has allo-

cated Tk 12,500 crore for the 1996-97 ADP in June 16 of which Tk 7300 crore was allocated under local currency and Tk 5.200 crore was allocated as project aid. Later on July 7, the government decided to increase the allocation under local currency by Tk 327 crore of which Tk 100 crore was allocated for the agriculture sector. Tk 50 crore for the rural development sector. Tk 12 crore for infrastructure and water supplies and

Tk 165 crore for increasing jobs

for eradication of poverty. It was necessary to take policy decisions at the highest level of the government over two projects on expanding structural facilities for shrimp cultivation by the private sector, participants of the meeting

They added that the government should also consider providing allocation to build a STOL (short take off and landing) port in Mongla. They further noted that the Parjatan Corporation should spend its own fund for building a modern water transport for promotion of tourism in the Sundarbans.

The government should consider funding from its revenue budget the projects for building the Dhaka Central Jail in Kashimpur under Gazipur district and setting up chancery buildings in Washington DC and New Delhi, the meeting ob-

# BB bill auction

day Bangladesh Bank Bill and the 94th auction of the 91-day Bangladesh Bank Bill were held

Nine bids for a total of Tk 48 crores and 11 bids for a total of Tk 77 crores were offered against the 30-day and 91-day Bills respectively, said a press release.

Of these, seven bids for a total of Tk 28 crores and six bids for a total of Tk 50 crores respectively against the 30-day and 91-day Bills were accepted.

The weighted average prices of the accepted bids of the 30day and 91-day Bills were Tk 99.43 and Tk 98.10 per Tk 100 respectively. The corresponding yields are 6.86 per cent and 7.77 per cent per annum.

### results The 24th auction of the 30-

here yesterday, reports UNB.

# 11000 children die of hunger

every day: WFP ROME, Nov 13: Every day 11,000 children die of hunger around the world while 200 million are suffering from malnutrition and a lack of protein and calories, the World Food Programme said Tuesday. reports AFP.

Other figures released by the WFP revealed that in many societies women are "the last to eat after feeding their husband and children even when breastfeeding."

WFP told a meeting of nongovernmental groups on the sidelines of the World Food Summit which opens in Rome today that more than 800 million people are suffering from hunger in the world.

Some 70 per cent of these are women and children.

And 500 million women have been hit by anaemia and lack of iron, which can have dangerous effects on their ba-

# Bonn to give Dhaka Tk 300 cr aid

Germany will provide Deutsche Mark 100 million equivalent to Tk 300 crore to Bangladesh as development aid this year, reports UNB.

Of the amount, DM 80 million will be spent for financial cooperation and DM 20 million for technical cooperation.

A Summary Record of Negotiations to this effect was signed between the two governments in Dhaka yesterday as the out come of a three-day annual bilateral negotiation between Bangladesh and Germany which began on Monday.

Reiner Morbach, Director of Federal Ministry of Economic cooperation and Development of Germany led a seven-member delegation while Bangladesh side was led by ERD Joint Secretary Abu Saleh at the negotia-

The German delegation told the Bangladesh side that despite its budgetary constraints. Ger many has increased its development aid to Bangladesh this

It said poverty alleviation remains the key area in the German-Bangladesh development cooperation. The basic social services like health and family planning and non-for mal primary education will be focused further.

In addition, Germany will continue to support the devel opment of economic infrastruc ture in Bangladesh.

At the annual negotiation, Bangladesh side illustrated its political and economic framework for international devel oprent cooperation.

The German delegation em phasised the importance of political stability as a pre-requi site for satisfactory development of Bangladesh. It encouraged the new gov-

ernment to continue with the economic and social reforms Economic growth is considered a pre-condition for poverty al leviation.

Besides these key items, the delegation dealt with a number of regulatory and technical issues of high importance for the implementation of ongoing projects.

The amount allocated for the financial cooperation will be spent for the construction of Comilla-Chittagong 230 KV Transmission Line, improvement of railway signalling. Fifth Population Project for Health and Family Planning. Non-Formal Primary Education Project via a well-performing NGO and construction of Hatubhanga bridge at Tangail.

The funds committed for technical cooperation are pledged for the training of familv planning personnel promotion of environmental protection and for supporting selfhelp activities through small credits.

With this fresh grant . the total German assistance to Bangladesh stands at Tk 10.750 crore since independence.

Germany is one of the biggest bilateral donors of Bangladesh. German assistance to Bangladesh is 100 per cent grant and its commitment is made on annual basis

ERD Joint Secretary Abu Saleh and Director of Federal Ministry of Economic Cooperation and Development of Ger many Reiner Morbach signed the Summary Record on behalf of their respective governments in Dhaka Wednesday after

## Agrani Bank raises interest rates

By Staff Correspondent Agrani Bank has increased the interest rates on different types of deposits with effect from today, says a press release.

The interest rate for savings account has been elevated to 7.50 per cent. The newly introduced interest rates for fixed deposits of three months and above but less than six months is 8 per cent.

For fixed deposits of 6 months up to less than one year is 8.25 per cent, one year and above but less than two years is 8.50 per cent and two years and above is fixed at the rate of 9.50 per cent.

# LDC ministers'meet on trade opens

GENEVA. Nov 13: Commerce and Industries Minister Tofael Ahmed said here today that the Bangladesh government was pursuing a coordinated approach to integrate national economy with export-led growth and trade liberalization policy, reports BSS.

He was presiding over the opening session of the threeday meeting of the ministers of least develop countries (LDCs) on trade here.

The ministers of 28 LDCs are participating in the meeting as the member-countries of World Trade Organization (WTO). The Chief Executive of WTO. Renato Ruggiero and Secretary General of UNCTAD, Rubens Ricupero also took part in the discussion.

Tofael said the government immediately after the independence of Bangladesh had taken up a lot of programmes to repair the war-ravaged economy through poverty alleviation

employment generation and in-

creased export-led production To expedite the export Bangladesh joined the General Agreement on Tariffs and Trade (GATT) in 1972, he added.

He said. "we don't want to be identified as LDC any more. So we have taken all-out efforts to make a vibrant economy". He said the government had taken reform measures in financial and administrative sectors to create an investment-friendly environment as the strategy for economic development.

The minister said the LDCs should be firmly united to exert maximum benefit from liberal ization and globalization of world trade and production. He underscored the need for more coordination and discussion among the LDC members so that they could burgain with development countries with specific agenda in the forthcoming WTO conference in Singapore next December.

Mohammad Younus, Vice Chairman of Islami Bank Bangladesh Limited, addressed as chief guest the inaugural ceremony of 15 day long training course for the Probationary officers of the bank organised by Islami Bank Training & Research Academy (IBTRA) re-· cently.

space. Ideas like financial statement analysis, valuation of shares, and forecasting have gone flying out of the window, perhaps never to return. The rush outside the DSE building. said Wednesday, says AP. the warnings of RAJUK, the in-The unusually large surplus vestment spree and the frenzied look that labels the DSE investor typify our times. Dhaka

missed out on the heady eighties in the Western world where soon be subject to higher tariffs. a average investor made above-Exports in October rose 23.3 average returns on the market per cent over the year-earlier but never mind, here are the

#### spending amidst resource con-WB mission chief Landellstraint, and adequacy of allo-Mills presented a report on making the best use of public cations for priority areas in the recurrent budget resources. Improved demand marks

Ctg tea auction

CHITTAGONG, Nov 13: There was an improved demand for all grades of teas at the weekly sale held here on Tuesday as export and internal buyers were active, market sources said, reports BSS.

Polish buyers were more active with some interest from Russia and Jordan, Afghanistan and Pakistan competed for different grades of teas. Blenders lent a good support while loose tea trade was stronger this

Bold and large brokens were a good market and were mostly dearer by upto 50 poisha. Medium brokens were also a good market selling at firm to slightly dearer levels. Smaller brokens were a much stronger market of ten selling upto Taka dearer. Popular types followed a similar trend and sold between

Tk. 46/50 and Tk. 53.

There was a strong demand for fannings, good liquoring types were mostly dearer upto a Taka per kg. While all others were firm to dearer. Popular types were mostly dearer selling between Tk. 47 and 54/60.

It also deliberated on insti-

tutionalising the effective ap-

plication of project selection

criteria, improving the institu-

tional framework for public ex-

penditure management (PEM)

process and strengthening the

system of accounting, audit,

evaluation, and expenditure

About financing of the bud-

get deficit, the workshop dis-

cussed estimating and monitor

ing budgetary revenues and the

resource envelope; using the

broadest definition of fiscal

deficit; and maintaining a fis-

cal deficit within sustainable

monitoring and control.

A total of 120 chests of green tea on offer met with a strong demand. Young hyson between Tk. 62 and Tk. 63. Some 3173 chests, 796 gunny

sacks and 70 bags of dust grades on offer met with a good demand. Good liquoring types were generally dearer whilst others were firm to slightly easier. Powdery types were an improved market. Both the packeieers and loose tea trade lent good support.

There were 22,582 chests and 35 gunny bags of teas on offer.

# Tackling the overheated DSE-I By Tanya Gupta

prices of stocks that have had no positive change in fundamentals, has confounded the market watchers. The reasons behind the rise in prices has been attributed by analysts to supply shortage, insider trading, removal of capital gains tax, general optimism on the market, lowering of high interest rates paid on National Savings Certificates, and Relative illiquidity of other assets. All of the above con ribute to the inflated prices of the

The next serious question

that we come to is what can be

done to improve the situation.

Recommendations that come

up in response to this often are not holistic or complete. An industry-wide policy would need to be developed that would not only stimulate investment but also offer productive and efficient uses for available financial resources. The following are the areas that could be tackled: 1. The Dhaka Stock Ex-

change should be made more efficient through automation of the exchange, increase of membership, and inclusion of academic and investment experts in the DSE council. The executive function should be separated from the

DSE council function. The

council members should be totally removed from the daily activities of the council. The council should only deal with strategic council issues. Rules and procedures should

be implemented that track the investments made by members of a company (including management, board of governors. major stockholders etc). SEC and DSE members. All these are associated with particularly vulnerable func-

tions. Through strict laws on insider trading that will result in

combined with constant moni

Crackdowns by SEC are vital for generating the perception in the market that it is an effective regulatory body. For example, recently, Howlader PVC Pipe Industries Limited, Aroma Tea Limited, Froglegs Export Indus-

insider trading.

tries, Swan Textile Mills Ltd. Progressive Plastic Industries Ltd. Milon Tameries and New Dhaka Refractories Ltd were delisted for breaching rules which was certainly a good prison sentences for violations move. related to securities trading

2. Companies should be encouraged to enlist on the stock

exchange by offering more incentives such as the capital gains tax elimination. The gov ernment has large holdings of securities that it is unnecessarily holding on to. These holdtoring of the exchange activities ings run into approximately Tk for any unlawful activities, one one crore. Considering the excan minimize the chances for treme shortage of supply, it should definitely let go of these holdings. The government should also

go for complete privatization of energy, gas, telecommunications sectors. Doing so will put DSE on the world map and attract a lot of money, technical know-how, international expertise as well as jobs. Some extent of participation has been allowed but the government badly needs to take a plunge and indicate a wholehearted commitment to privatization in these areas. (To be continued.)

# Glittering prospect of Bangladeshi jewellery in Gulf

The prospect of Bangladeshi jewellery in Bahrain is very bright, local observers and experts in the Gulf country ob-

served, says UNB. The observation was made at Jewellery Arabia 1996 Exhibition held from November 6-9 in Bahrain. Nine Bangladesh ewellers took part in the

exhibition. Bangladeshi exhibitors sold jewellery of Tk six lakh and received spot order for monthly supplies of 29 kgs of jewellery costing Tk 1.62 crore per month, according to a message

received here Wednesday. Sponsored by Export Promotion Bureau and Embassy of Bangladesh to Bahrain, the exhibition was inaugurated by the Prime Minister of Bahrain. Bangladeshi Ambassador to Bahrain Gyasuddin A Chowdhury received the Prime Minister and showed him the wellery products.

#### Kibria queries justification of proposed SSE By Staff Correspondent

The Finance Minster S A M S Kibria Wednesday in a meeting with the initiators of the proposed Sylhet Stock Exchange (SSE) queried the social and economic justification of a new stock exchange in the country, said a press release.

The delegation members of the proposed SSE included former finance minister A M A Muhith, Hedayat Ahmed, for mer education secretary and

chairman of ICB, Dr. Moha-

mmed Farashuddin, former controller of Capital Issues and Faruque Mahmmed Chowdhury, vice president of the Sylhet Chamber The delegation explained to the Finance Minster about the necessity of the proposed SSE. The Finance Minster told the

delegation that a thorough and careful scrutiny would be made by the Securities and Exchange Commission about the proposed SSE considering the current state of the prevailing stock markets

# CALS director calls on Speaker

The visiting Director of CALS Industry Forum of Japan Hiroshi Mizuta called on Speaker Humayun Rashid Chowdhury at his office vesterday. reports UNB.

They agreed to organise a two-day CALS seminar in the capital in March next year. Last month, a similar seminar, or ganised by CALS, was held in Singapore.

CALS is working on linking industrial society with information society. It also organises programmes in Asia and Pacific countries. The forum is incorporation

the latest information technologies into their management strategies, approaches. standards and production process in order to remain competitive in today's changing global market environment.

It wants setting-up of an organisation in Bangladesh and form a study group comprising the members of business community, students, academicians and government officials for understanding advanced information technology.

## Garments, leather machinery exhibition opens

A three-day long fifth German and Japanese Garments-Leather Machinery Exhibition '96 was opened at Sonargaon Pan Pacific Hotel, Dhaka on

Tuesday, says a press release. Shah AMS Kibria, Minister for Finance inaugurated the exhibition while A K Fayzul Hoq the State Minister for Jute & Textile was present as special

The inaugural ceremony was also addressed by the ambassador of Japan in Bangladesh. Directors of world reputed garments & leather machineries manufacturers such as PFAFF. Pegasus & VEIT also addressed the ceremony

Kibria in his speech emphasised that there should not be any argument about the government's assistance to the export-oriented garments and leather industries. He has advised the entrepreneurs to find out diversified items for export He has categorically mentioned that he is convinced that only quality machine and acquaintance with latest technologies

can produce quality products. He further said that government will support the new and old entrepreneurs in all aspects.

A K Fayzul Hoq. gave em phasis on the government's liberalised policy for the export oriented industries. He has cat egorically mentioned his high hope of the economical growth through the garments and leather industries.

The Ambassador of Japan in Bangladesh has recalled the friendship between the Japan and Bangladesh. He has pointed out that Japan expect big investment in this country. He informed that the visiting Japanese Economic Mission is looking forward to invest in