



Bangladesh to get Tk 54 cr Danish grant

Bangladesh will receive from Denmark Danish kroner 72.40 million equivalent to about Taka 54 crore as grant under two separate agreements signed here yesterday between Bangladesh and Denmark, says BSS.

AB Chowdhury, Joint Secretary, Economic Relations Division, Ministry of Finance and Wagn Winkel, Charge, D Affairs, Royal Danish Embassy in Dhaka signed the agreements on behalf of their respective governments.

Under one agreement Danish kroner 41.80 million equivalent to Taka 31 crore will be utilised for increased aquaculture production in the project areas of greater Noakhali districts.

The remaining amount of Dkk 30.61 million equivalent to Tk 23 crore will be used for the same purpose in the project areas of the Patuakhali and Barguna districts.

Dhaka-Bonn talks end

The three-day annual bilateral negotiations between Bangladesh and Germany concluded here Wednesday with the signing of the summary record of negotiations, 1996 between the two countries, reports BSS.

Abu Saleh, Joint Secretary, ERD and Reiner morbach, Director, Federal Ministry of Economic Cooperation and Development of Germany, signed the summary record on behalf of their respective governments.

This would be followed up by conclusion of a financial protocol between the two governments. German commitment to Bangladesh is made on annual basis.

Germany is one of the biggest bilateral development partners of Bangladesh. Under the financial protocol 1996 Germany has committed DM 400 million, equivalent to Taka 300 crore.

Unicom likely to float shares soon

Unicom Textile Mills, an export-oriented composite textile mill, is likely to float public shares worth Tk four crore soon.

A press release said yesterday that a proposal of the Unicom Textile Mills was now awaiting approval of the Security Exchange Commission.

Unicom's production units cover weaving, dyeing and finishing. It is owned by the Youth Group — the holding company of 11 other export-oriented industries — which fetched home Taka 50 crore through export last year and is expected to fetch another Taka 95 crore this year.

The Youth Group entered the industry sector from 1984 by setting up a readymade garments factory unit. Now it has five garments factories, one corrugated carton factory, one sewing thread, one towel manufacturing unit and a buying division for garments.

The group has also a trading house and a charitable organisation for the destitutes.

Booming stock markets, low interest rate cause fall in bank deposits

By Govinda Shil

Booming stock markets, diversification of capital flow to the savings instruments, low interest rate and increase in domestic investment are seen as the main causes of fall in fixed and demand deposit growth in the economy, senior bankers and Bangladesh Bank experts said.

A BB study is investigating the reasons for the dwindling trend in time and demand deposit growth with the commercial banks of the country. The study will complete its task next week.

"High returns at the share markets have lured the depositors to withdraw money from the banks and invest in the stocks," said a BB official.

According to a BB statistics, during 1992-93 period the amount of time deposit was about Tk 22,473.00 crore taka. It stood at 25,235.90 crore taka in

1993-94 and 29,032.90 crore taka in 1994-95. This showed a more than 10 to 14 per cent growth on an average. But during the last fiscal year, the time deposit was calculated at Tk 31,225.50 crore while it stood at Tk 31,680.50 crore taka during the month of July of the current fiscal.

According to statistics, demand deposit showed a sluggish trend in its growth over last fiscal year (1995-96). The demand deposit was calculated at Tk 7,336.10 crore last fiscal year and it became Tk 6,776 crore as on October 3 of the current (1996-97) fiscal year.

"Unless demand for money and the real sector grow, banks can not pay higher interests to their depositors," said Mamun-Ur-Rashid, an expert of the Standard and Chartered Bank.

He said the investors have found alternative areas like

real estate and stock markets where gains are 30 to 40 per cent, quite higher than what commercial banks offer.

"In recent times, the deposit growth has declined from 15 to 7-8 per cent, a significant fall in the growth," said the BB Governor Khorshed Alam at a press conference on November 2.

A senior official explained that the interest rates on various savings instruments were higher than that of time deposits. "So, people went for savings instruments."

The rate of interests and the rate of inflation were almost same for which people lost their interests in fixed deposit," said Farid Uddin Ahmed of Economic Department of Dhaka University.

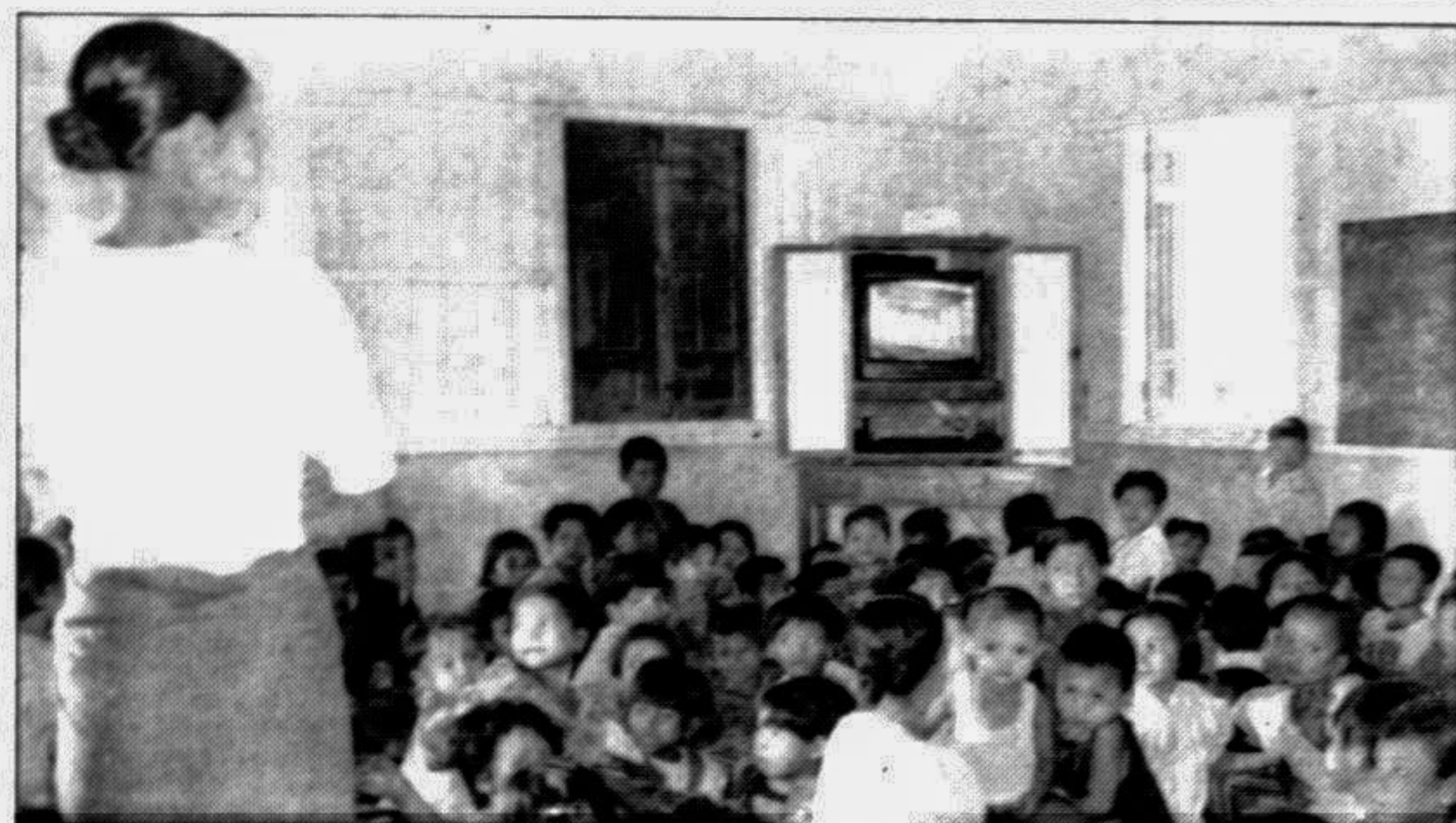
He said, unless banks increase the rate of interest more than that of inflation rate,

people will not go to the banks. "Although people are withdrawing their money, the money will later be deposited to

the banks again," said another official. He said withdrawal of money is unlikely to affect the mid or long-term investment.

BB economists suggested that the government should immediately turn the state-owned enterprises into public limited companies to absorb the money held by general investors.

This may cool down the stock markets," said an analyst. He also felt that this was the right time for the private sector investors who should take the opportunities to raise money for setting up industries or expand those. "You need not go to the banks for capital," he said adding people are ready to finance your projects.



Children are distracted from a video presentation November 11 by the arrival of visitors to the Damineik school, on the Andaman Sea coast of southeast Myanmar. The school, whose students come primarily from the Mon ethnic group, is one of several in 13 villages, built or renovated by the French oil company. Total as part of a socio-economic programme instituted alongside construction of a natural gas pipeline through the region to Thailand. —AFP/UNB photo

Chairman, VC of IFIC Bank elected

By Staff Correspondent

ASF Rahman and Salman F Rahman have been elected unanimously Chairman and Vice-Chairman respectively of the Board of Directors of IFIC Bank Limited.

The election was held at the first meeting of the Board in the city Wednesday says a press release.

Earlier, the 19th Annual General Meeting (AGM) of the Bank was held on November 11.

Intensive boro cultivation scheme in Kishoreganj

KISHOREGANJ, Nov 14: An intensive programme has been taken up to bring 1,41,000 hectares of land under boro cultivation in 13 thanas of the district in the current rabi season, says UNB.

According to Agriculture Extension Department, the production target has been fixed at 4,38,310 metric tons of paddy.

Sources said of the total, 1,33,000 hectares of land will be brought under high yielding variety and the rest 8,200 hectares under local variety.

Export earnings from 2 EPZs rise by 33 pc

Star Report

Exports from the country's two export processing zones (EPZs) during the first quarter of the current 1996-97 fiscal year have stood at 453.60 crore taka (108 million US dollars) showing a 33.33 per cent growth over the previous fiscal year.

Official sources say the investment in the EPZs also increased by 18.35 per cent in the 1995-96 fiscal year than 1994-95. A total of 219 million US dollars have been invested in the two EPZs of the country since 1983.

According to Bangladesh Export Processing Zones Authorities (BEPZA), Chittagong Export Processing Zone established in 1983 and the Dhaka Export Processing Zone established in 1993 fixed a total of about 2,100 crore taka (500 million US dollar) export target for the 1996-97 period.

The export items included electronics and electrical goods, garments, computer diskettes, sports goods, audio and video tapes, textile goods, camera lenses, leather products, caps and hats, furniture, stuffed toys, Terry towels and surgical towels, automobile parts, bicycle and its parts, tents, camping items etc.

The main importers of Bangladesh's EPZ products were the USA, Canada, Italy, France, Belgium, the Netherlands, Denmark, Sweden, Finland, Switzerland, Greece, Spain, South Korea, Japan and Aus-

tralia, BEPZA sources said.

EPZs, the custom-bonded areas of the country, enjoy various fiscal and non-fiscal incentives which include a 10 year tax-holiday, exemption of income tax on interest on borrowed capital, duty free imports of machineries, equipment and raw materials and duty-free exports, GSP facilities for USA, Europe and Japan market, repatriation of investment, profit, off-shore banking facilities etc.

During the July-September period, about 22 million dollar (94.5 crore Taka) has been invested in CEPZ and DEPZ.

Meanwhile, at least five foreign companies from Taiwan, Hong Kong and South Korea are in the pipeline to invest in the country's EPZ. The companies are interested in producing composite textiles, synthetic carpet and weaving of Kashmiri sweaters, said a BEPZA official.

Computer show at Sheraton

Bangladesh Computer Samity has organised a three-day computer show at Dhaka Sheraton Hotel from Saturday.

The inaugural function will, however, be held at 6 pm today (Friday). LGRD and Cooperative Minister Zillur Rahman will inaugurate the show — the fifth of its kinds.

FBCCI VP to act as president

Vice-President of the Federation of Bangladesh Chambers of Commerce and Industry Kazi Md Shafiqul Islam will act as FBCCI president during the absence of its President, said a press release, reports UNB.

FBCCI President Yussuf Abdullah Harun left here for Rome Wednesday night as a member of the Prime Minister's entourage to attend the World Food Summit. He is expected to return home on November 20.

Road condition pitiable in Noakhali

NOAKHALI, Nov 14: Bazra-Anisha para road of Begumganj thana of the district has been lying in a pitiable condition for long causing serious problems to vehicular movement, reports UNB.

About 8 km long pucca road is very narrow. But most parts of the road were damaged due to frequent heavy loaded truck movement. Moreover, cracks and potholes have developed at several points hampering the movement of pedestrians.

Thousands of people make their journey regularly through this road by bus, taxi, tempo and rickshaws. But due to the dilapidated condition of the road it takes much time to reach the destinations.

Local people urged the authority concerned for immediate reconstruction of the road for easy and smooth running of the vehicles.

Updated account code launched

The updated account code prescribing the latest procedures and manners of keeping government accounts was launched in a ceremony organised by the Comptroller and Auditor General of Bangladesh at city hotel Tuesday, says a press release.

Dr Akbar Ali Khan, Secretary of Finance Division, presided over the launching ceremony.

Amongst other senior officials, the ceremony was attended by the Comptroller and Auditor General of Bangladesh and Chief of British ODA in Dhaka.

The Account Code has been updated and printed by the Reforms in Budgeting and Expenditure Control (RIBEC) Project of the Finance Division which is jointly financed by GOB and British ODA.

Dr Khan mentioned in his speech that the launching of the Account Code is definitely a significant achievement of the RIBEC project along with some other significant outputs produced by the project in improving budgeting and accounting of the Government.

He wished success of the project and assured government's commitment and support to the project.

M Hafizuddin Khan, Comptroller and Auditor General of Bangladesh, mentioned about the need for additional areas of reform specially in accounting and auditing in order to ensure that the goals already achieved can be made sustainable and the reforms are not left half way.

Kevin Sparkhall, Chief of British Aid Management Office at Dhaka, appreciated the leadership role of Finance Secretary in implementing the reform process, welcomed the initiative of the Government for this reform and assured continued support of the British Government to implement this reform.

Management course at BRAC concludes

The two-week long course on "Macro Economic Management" concluded at the Development Management Centre of BRAC at Joydebpur here yesterday, reports UNB.

Governor of Bangladesh Bank Khorshed Alam attended the ceremony as chief guest and distributed certificates among the participants.

In all, 25 officials including 10 deputy secretaries took part in the course, jointly organised by IMF Institute of USA and Bangladesh Bank, said a press release.



Khorsheed Alam, Governor, Bangladesh Bank, speaking at the concluding ceremony of the two-week course on 'Macro-economic Management' organised jointly by the IMF Institute and Bangladesh Bank at the BRAC's Centre for Development Management, Joydebpur, Dhaka on Thursday.

Tackling the overheated DSE -II

By Tanya Gupta

legal system with provision for intellectual property law and proper implementation. This may mean higher use of financial and loan courts and quicker collection mechanism. In India initiatives were taken recently in the areas of tariff law, labour laws, land ceiling regulations, forex regulations etc. and these were well advertised internationally. Although Bangladesh has shown the highest increase in FDI in 1995 in the South Asian region, going up from 11 million dollars in 1994 to 125 million dollars for 1995, this is much less than Sri Lanka's 200 million dollars the lowest among the other South Asian countries namely India, Pakistan, Sri Lanka, 200 million dollars, the lowest among the other South Asian countries namely India, Pakistan, Sri Lanka.

4. Improving infrastructure: Improving the quality of the power and telecommunication sectors. Kyoshi Yamada Chief of International Division of Japan and Tokyo Chambers of Commerce and Industry who visited Bangladesh recently recommended improvement of infrastructure as this was on of the biggest hindrances to at-

tracting investments. He also called for deregulation and elimination of bureaucratic bottlenecks and appreciated the EPZs.

Increasing transparency through introduction of information technology infrastructure

Automation of the stock exchange and a sophisticated electronic clearinghouse

Improving quality of human resources on the exchange by immediate introduction of training programmes

Improving accounting and auditing practices

Introducing licensing examinations and using other ways to introduce professionalism.

5. Introducing new avenues for investment

Many investors get bogged down by the bureaucratic tangles involved in most avenues of investing; whether you are talking about investments in real estate or other such assets, new businesses, precious metals etc. Compounding this problem is the fact that the market is not very developed. Intermediaries, present in most developed markets are absent here. Search services are not given much value. This decreases the liq-

uidity of most investments. A concerted effort to make markets active by attracting foreign expertise into the country, by increasing the competition and by removing bureaucratic regulations will definitely get results.

6. Improving information flow

This is partly achieved by the introduction of accounting standards and improving the audit quality. Just as an investment policy is necessary, there needs to be a national body for the development of generally accepted accounting principles and improving the quality of financial statements. In the United States, for example, the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, the Securities and Exchange Commission and the American Accounting Association are the most influential bodies that are responsible for the accounting standards in the US. The FASB, which is a non-government body, issues Statements of Financial Accounting Standards which represent official statements on GAAP. They have also developed a framework for

financial reporting having the following elements and FASB's views on them (from FASB statement of Financial Accounting Concepts No 1):

Objectives of financial reporting

Desired characteristics of accounting information

Elements of Financial statements

Criteria for deciding what to include in the financial statements

The two organisations work closely in developing standards.

In Bangladesh, the SEC would benefit from developing the CAA and ICMA on the lines of AICPA but also include accounting personnel from the major firms to increase participation from company management.

Introduction of information technology as a means of increasing efficiency, reducing corruption, improving quality of financial statements, increasing information dissemination and bringing Dhaka Stock Exchange up to international standards.

A comprehensive plan impacting diverse sectors of the economy, implemented with an aim of making the Dhaka Stock Exchange more efficient, encouraging companies to enlist on the stock exchange/improving investment, encouraging foreign participation in order to improvement investment as well as introduction of expertise into the country, improving infrastructure, introducing new avenues for investment and improving information flow will prove effective on the long-run. The above areas also include immediate and effective legal reform, upgrading of human and information capital (including the introduction of useful technology where needed), areas often ignored in financial reform. (Concluded)

Abul Hasan to visit ROK, Singapore Economic diplomacy to boost investment

In quest of investment for Bangladesh, State Minister for Foreign Affairs Abul Hasan Chowdhury will undertake a week-long trip to two Asian countries later this month, reports UNB.

Official sources said Chowdhury is scheduled to visit South Korea November 25-28 to discuss expansion of economic co-operation between the two countries, particularly potentials of Korean investment in Bangladesh.

On way to South Korea, he will visit Singapore from November 23-24 to attend a meeting of investors of the island state.

In Seoul, the State Minister will call on South Korean Prime Minister Lee Soo Sung. Besides, he will hold talks with Foreign Minister Yoo Chong Ha of the Republic of Korea and senior officials.

Chowdhury will also participate in a seminar on 'Investment Opportunity in Bangladesh' there. The seminar

will be attended by many industrial and business magnates of the far-eastern country, emerging as one of the Asian economic powers.

During the visit, the State Minister will be accompanied by a delegation comprising leading businessmen and manufacturers from Bangladesh.

South Korea, now investing predominantly in textile, garment and shoe manufacturing industries, is expected to expand its areas of investment in Bangladesh in future.

Seoul has indicated that it would invest one billion US dollars in Bangladesh after the establishment of an export processing zone (EPZ) in Chittagong, exclusive for Korea. About 2,000 acres of land have reportedly been allocated for the proposed EPZ.

The State Minister, who is now staying in Cairo to attend a conference of the Middle-East and North African Economic Cooperation (MENAEC), is due to return home on Saturday.

Bangladesh Railway Paksey Engineering Division-II Tender Notice

Tender Notice No. 09/PXC/Flood-95 Dated :4-11-1996

Sealed tenders are invited from the registered 'C' class contractors of Engineering Department of Bangladesh Railway West Zone and 'C' class contractor enlisted prior to re-organisation of the Railway into two Zones having past experience for construction/re-construction and rehabilitation of Railway bridges for Group 'A': On STU-CLH section between TLP-ACP station rebuilding of bridge No. 275 at KM 300/5-6 as per approved plan against flood/95, Group 'B': On STU-CLH section between AQP-JMJ station rebuilding of bridge No 277 at KM 303/13-14 as per approved plan against flood/95 & Group 'C': On STU-CLH section between HL-BARP station rebuilding of bridge No. 289 at KM 340/10-11 as per approved plan against flood/95. Approximate cost of works are group 'A' Tk 12.00 lakh, Group 'B' Tk 6.00 lakh & Group 'C' Tk 6.00 lakh. Earnest money 2% (Two per cent) of the quoted amount cost of tender documents per set Tk 750/- (Seven hundred fifty) for Group 'A' and 400/- (Four hundred) only for Group 'B' & 'C' of each Group (Non-refundable). Tender documents for the work will be available for purchase in the offices of the Divisional Engineer/II, Bangladesh Railway, Paksey, Chief Engineer/West, Bangladesh Railway, Rajshahi and Asstt Engineer/IC, Bangladesh Railway, Saidpur during office hours (except holiday) up to 25-11-96. Intending tenderers will have to submit experience certificate issued from concerning Executive Engineer for completion of contract/Re-construction & Rehabilitation on Railway Bridges for work of minimum Tk 5.00 lac in a single contract agreement with application for purchasing tender documents. Tender documents to be dropped in the tender box kept in the aforesaid offices by 12:00 hours of 26-11-96 which will be opened publicly at 12:30 hours on the same date in presence of contractors or his authorised representative. Railway Administration reserve the right to accept or reject as a whole or in part thereof. All other terms and conditions will be available in the tender documents.

RPXD No-511 dt-13/11/96 D-1244 Divisional Railway Manager Bangladesh Railway, Paksey