

Gowda govt to
present
budget today

NEW DELHI, Feb 27: India's coalition government, split between populists and free traders, releases its first full-fledged budget plan this week in a test of its commitment to economic reform and financial prudence, reports Reuter.

Finance Minister P Chidambaram on Friday will present the budget for the 1997/98 fiscal year starting on April 1. He has to walk a tightrope between Communists and liberals who often seem strange bedfellows in the fractious 15-party government.

Chidambaram's room for manouevre is constricted by the sometimes contradictory demands of economic growth and social programmes which are the twin priorities of Prime Minister H D Deve Gowda's nine-month-old government, analysts said.

The objectives are often at odds. The government's financial advisers say economic growth requires spending cuts and increased private investment measures which fly in the face of subsidy programmes and public sector firms dear to the left.

"The elbow room is rather limited," said former central bank governor R N Malhotra, now chairman of the Indian Council for Research on International Economic Relations.

The finance minister received good grades last July when he presented a truncated 1996/97 budget. But experts said the challenge now is greater because of mounting economic ills.

BCSIR, BUET
sign MOU on
cooperation

A memorandum of understanding (MOU) on cooperation programme between Bangladesh Council of Scientific and Industrial Research (BCSIR) and Bangladesh University of Engineering and Technology (BUET) was signed yesterday in the Committee Room of BCSIR, says a press release.

Professor Iqbal Mahmud, Vice-Chancellor of BUET and Dr F Z Majid, Chairman of BCSIR, signed the agreement on behalf of their respective organisations.

The aim of this agreement is to develop close relation between BUET and BCSIR in conducting research and development work on renewable energy.

Both sides agreed to exchange information and experience in research programmes of renewable energy-related topics and exchange of scholarly publications of the organisations or those obtained from outside.

According to this agreement, BCU through the Centre of Energy Studies, will organise its energy researchers to provide assistance to the mutually agreed renewable energy projects of BUET and BCSIR.

Sharif M Alzal Hossain, President of Bangladesh Chamber of Industries (BCI), has expressed grave concern over the unchecked smuggling of goods from the neighbouring country, says a press release.

He said smuggling of yarn, fabrics and sarees poses a great threat to the textile sector as a whole and spinning sub-sector in particular.

He said local yarn worth about Taka 200 crore has been stockpiled in the godown of the spinning mills. Besides, textile Bangladesh market has been flooded by almost all types of consumer and industrial goods.

He said as a result it is apprehended that almost all the local industries will soon be forced to close down if the situation is allowed to continue.

Since "Textile" has been treated as a thrust sector, Hossain urged the Govt to impose countervailing regulatory duties as an anti-dumping measure with immediate effect to allow fair competition and to protect Textile as well as other industries.

BB Treasury
Bills auctioned

The 34th auction of the 90-Day Treasury Bill and the 25th auction of the 30-Day and 180-Day Treasury Bills were held on Wednesday, says a press release.

Thirty-four bids for a total of Tk 214.50 crore and nine bids for a total of Tk 30.00 crore were offered respectively against the 30-Day and 90-Day Bills.

Of these, 26 bids for a total of Tk 153.00 crore of 30-Day Bill and seven bids for a total of Tk 20.00 crore of 90-Day Bill were accepted. No bid was offered against the 180-Day Bill.

The weighted average prices against the 30-Day and 90-Day Bills were Tk 99.34 and Tk 98.05 per 100 Taka respectively. The corresponding yield are 8.00 per cent and 7.96 per cent per annum.

Tofael inaugurates 3-day US Trade Show

Bangladesh best place
for investment

Commerce and Industries Minister Tofael Ahmed said Bangladesh is the best place for investment for its liberal policies which made all types of investment attractive and profitable, reports UNB.

The government is creating an enabling economic environment and investment climate to permit fuller exploitation of investor potentials, he said, inaugurating a three-day US Trade Show '97 yesterday.

American Chamber of Commerce in Bangladesh and the US Embassy jointly organised the Show at the Dhaka Sheraton Hotel.

Addressing the inaugural function, the Commerce Minister said the government offers huge incentives to the investors that is unparalleled in Asia.

He elaborated the fiscal and non-fiscal incentives being provided by the government. These are: 5 to 12 years tax holiday, relief from double taxation, exemption from dividend tax and income tax on salaries, full repatriation of profit and capital gains, allowing re-location of existing industries from abroad and equal rights of foreign and local employees.

As a result, he said, potential foreign investors were coming in large numbers to invest in Bangladesh.

Tofael added that former US Defence Secretary Dick Cheney

people, including the US ambas-

sador, pursued for about two years, but they failed to get permission to establish AmCham, he added.

He hoped that American investors would be interested to invest in Bangladesh as the country has no ethnic and linguistic problems, and have huge skilled, semi-skilled and unskilled manpower available at the cheapest rate.

Speaking on the occasion, Charge d'Affaires of US embassy in Dhaka Nancy Powell said US-Bangladesh trade relationship has been growing over the years.

She said it is exciting that US investment in Bangladesh will increase tenfold in the months to come as natural gas production comes on line, which will help the country to resolve its energy crisis.

That investment will help increase economic growth which should translate into more jobs and increased demand for US goods and services, Powell added.

AmCham President Forrest Cookson also spoke.

Some 99 booths have been installed by 55 US companies taking part in the 3-day Trade Show. US products and services ranging from computers and consumers products to power generation and telecommunications are being displayed in the show.

Mitsubishi Motor Corp MD tells The Daily Star

Customised cars to come
if demand grows

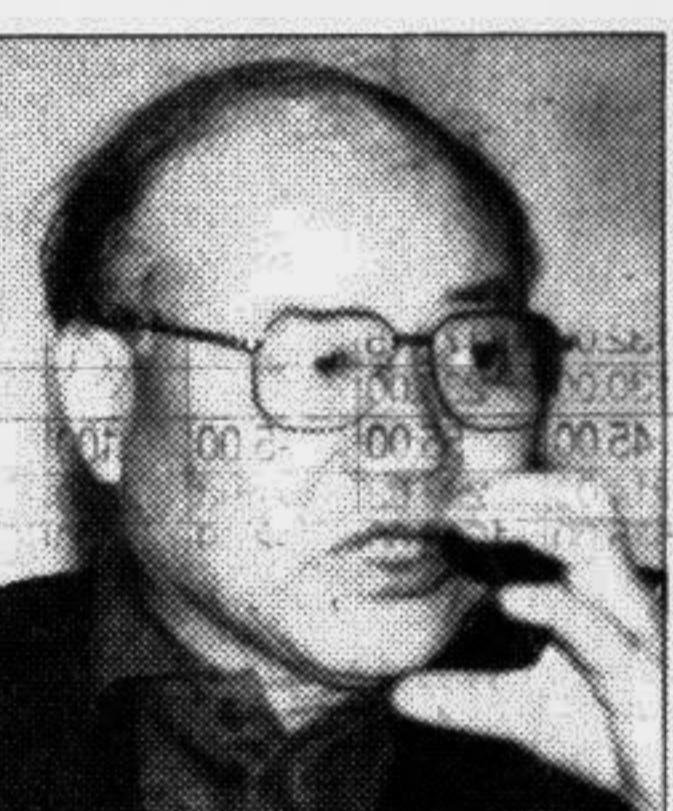
By Staff Correspondent

Mitsubishi Motor Corporation of Japan is watching the growth of Bangladesh economy and its infrastructure development and if the demand for motor vehicles continues to grow here, the Japanese car giant will start supplying cars customised for Bangladesh.

"I feel that the economy of Bangladesh is gearing up. Maybe there is a tremendous potential here for our investment in the future," Mitsubishi Motor Corporation Managing Director Kohya Okamoto told The Daily Star in an interview yesterday.

Okamoto is now in the city on a five day visit to participate in the annual Lancer Golf Tournament as a special guest. Mitsubishi Corp has been sponsoring this tournament for the last 16 years. He will also visit Pragati Industries Limited in Chittagong which is currently assembling Mitsubishi Pajero cars and Pickups.

By September or October next, Pragati will assemble Mitsubishi buses and trucks," he said explaining the purpose of his visit.



Pragati and Rangs Limited, the authorised dealers of Mitsubishi vehicles in Bangladesh for the last 17 years, have signed a joint agreement under which Pragati will assemble, with technical assistance from Mitsubishi Japan, Pajero, pickup, buses and trucks. Rangs will market those vehicles.

Mitsubishi's market in Bangladesh, though small, is

expanding. The market share of

brand new Mitsubishi cars sold in Bangladesh is 50 per cent of the total 2000 units per year," said Okamoto, who is involved with Mitsubishi for nearly 40 years now.

Explaining future plans he said Mitsubishi supplied customised motor vehicles to Taiwan, Indonesia and other countries to suit their demands, infrastructures, social settings and life styles.

"The social setting of Indonesia in regard to motor vehicle market is perhaps similar to that of Bangladesh, but the demand there is higher. So we are watching the economic growth of Bangladesh before we decide to make large scale marketing here," T Okamoto said.

The present emphasis of Mitsubishi is to market rather prestigious cars in Bangladesh leaving the cheaper motor market to the Korean motor manufacturers, he pointed out.

Mitsubishi alone sold more than half a million vehicles in Asia and Asean countries in 1996, which is equivalent to over 27 per cent of the total motor market share.

ILO confce: Delegates
reject boycott of
children-made goods

AMSTERDAM, Feb 27: Delegates at an international conference aimed at combatting the worst forms of child labour spoke out today against a boycott of products manufactured by children, reports AFP.

"We are totally opposed to a boycott. This solution destroys work, undermines the economic and social fabric, offers no solution and reinforces nationalism in the countries affected," said Carlos Baeverd, a former member of the International Labour Organization (ILO), which helped organise the conference, and now a representative of a French-Swiss non-government organisation.

Baeverd said that in any case "modern export industries use very little child labour."

In India, for example, less than five per cent of the goods made by children are exported.

Boycotting them would not resolve the problem in any way," he said.

According to the ILO, some 250 million children between the ages of five and 14 are employed in economic activity worldwide.

The two-day conference, which began Wednesday, is aimed at highlighting the plight of millions of children worldwide caught in the web of prostitution, child-trafficking, slavery, debt bondage and work in dangerous environments and industries.

Nawaz Sharif prepared
to cut taxes

ISLAMABAD, Feb 27: Pakistan's new Prime Minister Nawaz Sharif said yesterday he was prepared to cut taxes imposed by a previous government led by Benazir Bhutto, reports Reuter.

But he told a gathering of Pakistani business leaders that such a reduction could only be made if the business community assured him that they would not evade the reduced rates.

"I have got an unprecedented response from the nation to my debt retirement programme, and it would help put the economy back on track," the English-language daily newspaper The News, quoted Sharif as saying.

"I am prepared to remove what you really cannot pay. But you must pay what you can pay," Sharif said to loud applause. "I want to place blind faith in you and I also expect you to have blind faith in me and deposit your taxes."

Sharif has said his top priority is to revive the ailing economy and stimulate growth and blamed Bhutto's government, which was dismissed in November for neglecting industry.

Businessmen donate
to PM's debt fund

AP report says: Pakistan's business community dug

deep and came up with 55 million dollar to donate to the prime minister's debt retirement fund, newspapers reported Thursday.

Prime Minister Nawaz Sharif launched an appeal last Sunday for money to pay off Pakistan's crippling deficit that devours roughly one-third of the country's 14 billion dollars (574 billion rupee) annual budget.

"I am ready to conduct tours all over Pakistan to collect contributions for this noble cause to revive the economy," he said.

A single contribution of 15 million dollars was received from a Karachi-based businessman. Several other sizeable contributions came from other industries.

Sharif, who swept the polls in the Feb 3 general elections, inherited a shattered economy from Benazir Bhutto who was thrown out of power on charges of rampant corruption and incompetence.

Ms. Bhutto has denied the charges and so far no charges have been brought against her.

PEREGRINE BANGLADESH INDEX

Thursday's market comment

The PBI dropped more than 1% on low volume to close at 801.46. Trading remained bearish as 18 issues closed over seven gainers. Meghna Cement (-5.4%) and BTC (-3.1%) led the losers as they succumbed to retail selling. The blue-chips also suffered as Monno Ceramic and Apex Tannery fell by 2.2% and 2.0% respectively. Reckitt & Colman and Bata Shoe were amongst the notable winners as they appreciated 3.4% and 1.8% respectively on local demand.

Exchange Rates

| The following are the Jamata Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 27/02/97 | | | | | | |
|---|-------------|---------|------------|-------------------|---------------|--|
| Selling | Buying | | | | | |
| Name of Currency | T.T. & O.D. | B.C. | T.T. Clean | O.D. Export Bills | O.D. Transfer | |
| US Dollar | 42.9120 | 42.9650 | 42.5200 | 42.4550 | 42.3438 | |
| GB Pound | 70.2517 | 70.3333 | 69.2258 | 68.9413 | 68.7606 | |
| D. Mark | 25.5133 | 25.5429 | 25.0858 | 24.9827 | 24.9172 | |
| F. Franc | 7.5702 | 7.5790 | 7.4430 | 7.3174 | 7.3292 | |
| JP Yen | 0.3578 | 0.3582 | 0.3495 | 0.3480 | 0.3471 | |
| C. Dollar | 31.5261 | 31.5616 | 30.9947 | 30.3573 | 30.7864 | |
| S. Franc | 29.1647 | 29.2986 | 28.6651 | 28.5473 | 28.4725 | |

Janata Bank's selling and buying rates in cash currency for public:

| US DLR | GBP | S RIAL | UAE DH | KU DINAR |
|---------|---------|---------|---------|----------|
| SELLING | 42.9000 | 69.2517 | 11.7000 | 11.6500 |
| BUYING | 42.3000 | 67.0017 | 11.3000 | 11.1500 |

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