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# The Daily Star BUSINESS

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## RBI's powers on non-banking cos strengthened

NEW DELHI, Mar 21: The lower house of India's parliament approved a bill yesterday strengthening the Reserve Bank of India's (RBI) regulatory powers over non-banking finance companies (NBFCs), reports Reuters.

The bill, passed by voice vote, was sent to the upper house and would replace an ordinance promulgated by President Shankar Dayal Sharma in January.

The bill requires NBFCs to register with the RBI and to create a reserve fund and transfer a certain percentage of profits every year to the fund.

The central bank would be authorised to issue guidelines for NBFCs on accounting standards, capital adequacy and provision for bad debts.

Unincorporated bodies would be barred from accepting deposits for any purpose other than personal use.

Finance Minister P Chidambaram proposed two amendments, which were adopted.

They lowered the capital requirement for NBFCs to 2.5 million rupees (70,000 US dollar) from 5.0 million and extended the period during which unincorporated bodies would have to return deposits to three years from two.

Chidambaram said the bill would protect small depositors from fraud. But the opposition Bharatiya Janata Party (BJP) staged a walkout to protest against the bill.

## Bankers leave for Dubai today to visit SCB

A team of local bankers, comprising senior officials from local nationalised and private banks leaves for Dubai today on a 4-day visit to Standard Chartered Bank (SCB)'s Southern Gulf operations, says a press release yesterday.

During the visit the team is expected to observe the treasury, cash management, bullion trading and trade services operations (ISO 9002 awarded) at Standard Chartered Bank in Dubai.

The visit is sponsored by Institutional Banking Group (IBG) of Standard Chartered Bank. While seeing them off, Geoff Williams, Chief Executive, Bangladesh for SCB, said that SCB would very much like to be identified in the development process of banking sector in Bangladesh and this kind of local and overseas visits will continue to bring in the best practices in service industry to the local market.

## Agrani Bank's Board of Directors meets in Khulna

A meeting of the Board of Directors of Agrani Bank chaired by its Chairman H T Imam was held in Khulna recently, says a press release.

Mosarraf Hossain, Managing Director and other directors — Dr Shusil Ranjan Howader, Mahabur Rahman, Sharif M Afzal Hossain, SM Abul Kalam and general managers — were also attended the meeting.

The meeting took decisions and approved several proposals especially on jute and shrimp export credit and loans to different priority sectors of the bank along with different recovery strategy of the bank's loans and advances.

The members of Board of Directors of the bank also held a meeting with Zonal heads of Khulna, Bagerhat, Satkhira and Jessore and branch managers of Khulna town. Later they also had a meeting with executives of Khulna chamber on bilateral issue.

## Myanmar job seekers held in Thailand

BANGKOK, Mar 21: Ninety-one Myanmar job seekers who fled fighting in Myanmar were arrested in the northern Thai province of Tak Thursday for illegally seeking work, police said, reports AFP.

They were arrested in the province's Muang district, located opposite territories of ethnic Karen rebels facing an offensive by Myanmar government forces.

Some 20,000 who fled the fighting in Myanmar since early February and made for the Thai border are staying in camps or are displaced along the frontier. A total of more than 90,000 Karens are now staying in Thai camps.

Uncertain numbers of new refugees are believed to have sought work in Thailand. The government estimates some 700,000 illegal immigrants are employed in Thailand, most of them from Myanmar.

## Week of price erosion for capital market

# Investors panic as forged share certificates detected

By Rafiq Hasan

The country's two stock exchanges experienced massive erosions in their share prices last week tumbling their major market indicators to lowest positions in recent time. It was a crisis week for the bourses, as experts view.

The main reason behind the massive price fall was attributed to the panic among the small investors, particularly retail traders, which caused heavy selling pressure on the floors and shook the share business to its roots, according to market players and share traders.

Moreover, the activities of the probe committee for investigation into the sudden price hike last year through alleged manipulation also made some leading stock players inactive making share transactions slow, they observed.

The benchmark DSE All Share Price Index fell by 249.82 points declining to 1273.85 points on Thursday from 1523.67 points of the previous week.

The market capitalisation of the country's premier bourse witnessed a Tk 1,935.76 crore

fall declining to Tk 9,882.36 crore from Tk 11,188.12 crore the previous week.

However, the average volume and value of business showed significant rise over the previous week as an average 2.73 lakh shares and debentures valued more than Tk 7.91 crore exchanged hands daily against average transaction of 4.04 lakh certificates valued Tk 12 crore the previous week.

The All Security Price Index at the Chittagong Stock Exchange went down to 581.97 points from 683.95 points over the week while its market capitalisation registered a fall of Tk 1,290.88 crore fall.

The total market capitalisation of the country's second bourse dipped to Tk 8050.69 crore from Tk 9341.57 crore at the beginning of the week.

The market operators said a serious panic was created among the investors particularly retail traders due to the presence of huge forged shares in the kurb market.

People rushed to the stock market for releasing their stocks as huge fake shares were

seized by the police, said a leading DSE market player.

The market also became bearish due to the absence of institutional buying, he commented.

The situation at the stock market became volatile again as the retail traders started staging demonstration in front of the issues.

The kurb market players blamed the government for failing to handle the capital market and demanded immediate resignation of the finance minister.

They also held the DSE members responsible for the continuous fall in share prices and chanted slogans against them demanding formation of a parliamentary probe committee in this regard.

While commenting on the market situation a leader of Bangladesh Small Investors Federation (BSIF), a platform of kurb market operators, termed the falling trend as 'mysterious' because of voluminous trading on the floor.

He said transaction of more than Tk 7.50 crores worth of

shares in a day did not reflect the absence of buyers on the floor.

The DSE members are intentionally keeping the market dull to get financial help from the government, he blamed.

Some blue chip issues which suffered most during the week are: Singer Bangladesh Ltd which lost Tk 1,668 closing at Tk 9277 from Tk 10945, Chittagong Cement which Tk 510 closing at Tk 2048 from Tk 2558, Islami Bank lost Tk 278 closing at Tk 3901 from Tk 4180, IDLC lost Tk 626 closing at Tk 4437 from Tk 5063, ULC lost Tk 512 closing at Tk 1660 from Tk 2172, Green Delta lost Tk 100 closing at Tk 630 from Tk 730, Delta Life Insurance lost Tk 230 closing at Tk 1120 from Tk 1350, Laxco Ltd lost Tk 293 closing at Tk 520 from Tk 813, Meghna Cement lost Tk 159 closing at Tk 614 from Tk 733, Confidence Cement lost Tk 224 closing at Tk 910, Beximco Pharma lost Tk 27 at closing at Tk 182 from Tk 209 and National Polymer lost Tk 292 per share closing at Tk 958 from Tk 1250.

## ROK share prices plunge sharply

SEOUL, Mar 21: South Korean share prices plunged sharply yesterday because of widespread concern over possible fallout from the collapse of Sammit Group dealers said, reports AFP.

The composite index tumbled 15.92 points at 630.37 points within 90 minutes of the opening.

Dealers said bond and stock markets were in "very bad" shape as the country's credit was damaged by Sammi's insolvency, which came Wednesday. Hanbo, the country's 14th largest group, collapsed in January.

The stock market was under heavy selling pressure Thursday, with sentiment depressed by unstable foreign exchange and money markets, dealers said.

"The market remains anxious about the (possibility) of another conglomerate collapse," a Daishin Securities dealer said.

## Indian court rejects appeal for trade in wildlife goods

NEW DELHI, Mar 21: An Indian court Thursday threw out appeals to re-open trade in wildlife products and banned the sale or purchase of furs, snake skins and ivory, reports AFP.

The Delhi High Court said the appeals by traders objecting to the ban on the trade in wildlife products did not amount to infringement on the right to carry out business and trade.

M Jagannath Rao, Chief Justice of the Court, said: "if any trade in any articles hurts the ecology, of which humanity forms a part, then it could be held as a trade in obnoxious items and hence could be banned."

"The larger interest of biodiversity could not be sacrificed for the interest of a few," India's "wildlife protection laws are meant to stop the killing of endangered species," he said.

"Trade in such goods is obnoxious and dangerous and nobody can claim a fundamental right to carry out a trade in crime."

The government banned trade in Indian ivory and snake skins in 1986. But, later, when it found difficult to distinguish Indian ivory from the imported ones and the traders were taking advantage to trade in Indian ivory, it banned the whole trade in 1991.

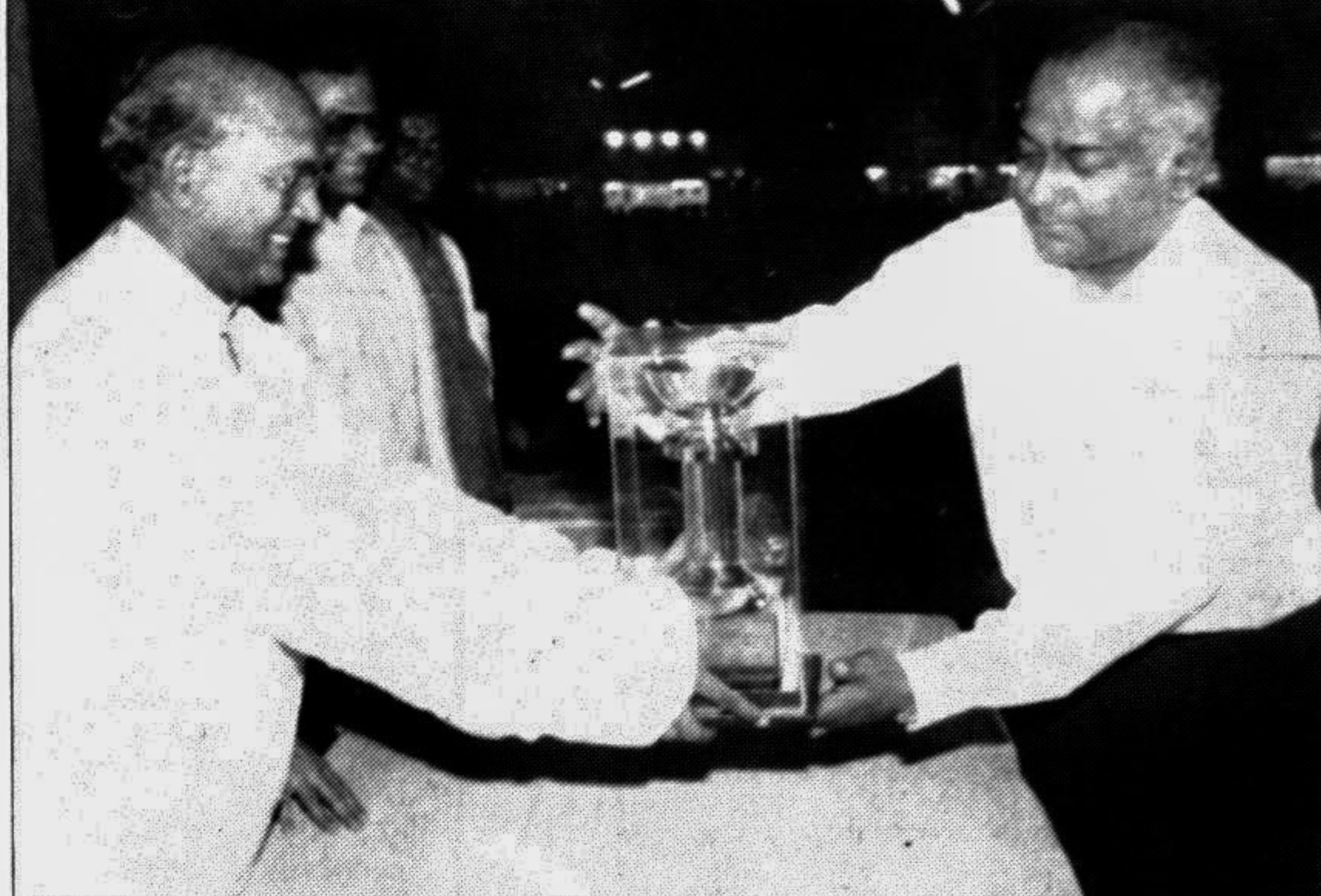
BEIJING, Mar 21: China's national shipping line, China Ocean Shipping Co, plans to expand its business worldwide by setting up subsidiaries in Africa, Latin America and the Middle East, company officials say.

COSCO has drawn scrutiny in the United States since the US Navy announced it would lease its historic base in Long Beach, California, to the firm under an agreement aided by the White House.

The head of the firm's overseas department, Ji Jusheng, said the base would be leased for at least 10 years, the state-run newspaper, China Daily reported Thursday.

COSCO plans to diversify into other businesses, such as trade and real estate, Ji said, while it continues to expand its shipping business.

New offices will be opened in Dubai, Zaire, Zimbabwe, Mex-



Transcom Ltd won the first prize at the Dhaka International Trade Fair '97. Commerce and Industries Minister Tofael Ahmed seen handing over the DITF'97 Trophy to Latifur Rahman, Managing Director of the company at a function in the city yesterday.

## NBL launches credit card today

National Bank Limited, a leading private sector bank, is going to launch its credit card today, introducing the sophisticated payment system in view of its long-term potential.

The NBL MasterCard will be the first credit card in Bangladesh that can be used both locally and internationally, NBL Chairman Abdul Awal Mintoo told UNB on Thursday.

NBL is the first Bangladeshi Bank licensed by MasterCard International USA, a payments company with one of the world's most recognised brands, for issuance and acquisition of cards locally and internationally.

The Bank has seized the unique opportunity of having an alliance with a multinational like MasterCard to further strengthen the business relationship, the NBL chairman said.

An international NBL MasterCard will be accepted at millions of establishments around the world and a local MasterCard at over 600 retail and service outlets, including hotels, restaurants, department stores and clinics.

Mintoo said the target

groups of the NBL MasterCard are all the exporters and importers, leading industrialists and higher income group of the country.

In the initial year, the NBL is planning to offer 5,000 credit cards and the target for the year 2000 is at least 20,000, he said, adding that two types of cards — one with credit limit of 500 US dollars and another of 1000 dollars — will be on offer.

## ROK GDP growth rate eases to 7pc

SEOUL, Mar 20: South Korea's gross domestic product (GDP) growth rate eased to 7.1 per cent in 1996 from 8.9 per cent in 1995, the Bank of Korea said here, reports AFP.

The central bank said GDP was up 7.2 per cent year-on-year in the fourth quarter of last year.

Commenting on the figures, the bank said the 7.1 per cent GDP growth figure should not be seen as low, given that the country's optimum growth rate without inflationary pressures is 6.8 per cent.

## US official lauds Bangladesh economy

Bangladesh's image as a 'basket case' described by former US Secretary of State Henry Kissinger is no more valid today, as the country is going to succeed in the global environment, says a press release.

This was viewed by Nancy Powell, Deputy Chief of the US Embassy in Dhaka, Wednesday at the inaugural ceremony of a seminar on "Marketing and Fund Raising" organised by Rapport Bangladesh Limited.

Powell, who attended the function as the chief guest, said Bangladesh was producing a number of quality products and had managed to enter the global market successfully.

She said the country had also been able to market its goods at very competitive prices.

She also said her country was particularly concerned about the violation of intellectual property rights and hoped that Bangladesh would ensure that there had been no such violation here.

Powell referred to advertisements and said the government should be alert about protection of trade marks. She did not, however, say if she found such violation in Bangladesh.

The function, presided over by M Mosharraf Hossain, Managing Director of Rapport, was also addressed by American Bangladesh Chamber of Commerce President Forest E Cookson as the special guest and eminent marketing expert Ray Jenkins. Afroz Rahim of the Rahimafrooz (Bangladesh) Ltd delivered the vote of thanks.



Nancy Powell, Deputy Chief of the Mission of the Embassy of the United States of America seen inaugurating the seminar on Marketing & Fund Raising as the chief guest sponsored by Rapport Bangladesh Limited.

## Asia business brief

Based on the two countries 'working within the ASEAN context, which induces us to cooperate'.

Yet, we are competing in the international market, which makes it healthy to always improve ourselves."

Chavalit was quoted as telling the Times in a statement in response to the newspaper's written questions.

Chavalit is accompanied by Foreign Minister Prachuab

Association of Southeast Asian Nations members.

The other ASEAN nations are the Philippines, Malaysia, Indonesia and Vietnam.

A Singapore newspaper, the Straits Times, quoted Chavalit as saying that the strength of Thai-Singapore relations is

based on the two countries 'working within the ASEAN context, which induces us to cooperate'.

Chavalit is accompanied by Foreign Minister Prachuab

## Greenspan hints at increase in interest rates

WASHINGTON, Mar 21: Federal Reserve Chairman Alan Greenspan put millions of borrowers on notice Thursday to get ready for an increase in interest rates. Many analysts expect the move — a pre-emptive strike against inflation — to come next Tuesday, reports AP.

Financial markets, already headed lower because of interest rate fears, were jolted anew by Greenspan's comments. The Dow Jones industrial average was down 55 points in late trading after having fallen even further immediately after Greenspan spoke.

Bond prices also headed lower but the dollar rallied on the prospect that higher rates will make the US currency even more attractive to foreign investors.

However, economists said further strength in the dollar will make America's trade problems even worse by making US exports more expensive and imports cheaper.

The government reported Thursday that America's trade deficit shot up 21 per cent in January to 12.7 billion dollars as the imbalance in goods hit an all-time high, reflecting rising oil prices, increased auto imports and a flood of clothing and toys from China.

Greenspan stressed the "importance of acting promptly — ideally pre-emptively — to keep inflation low."

## EU disappointed with Chinese offers to join WTO

BEIJING, Mar 21: European Union negotiators said yesterday they were disappointed with offers made by China in its bid to join the World Trade Organisation (WTO), reports AFP.

"The Chinese offer at this stage was below what we would call WTO standard if there is such a thing... certainly not commensurate with the weight of China in the world economy, not commensurate with a 'economic realities in China,' a EU team leader Gerard Depayre told reporters.

Four days of discussions between China and the EU yielded no immediate results but were constructive, he said.

Europe and the United States expect China to offer a range of concrete action or pledges on market access in exchange for WTO membership.

But what China presented at this week's meetings — which covered the service sector only — was largely "a photograph of the current regime" that did not even include progressive initiatives already undertaken by some local governments, Depayre said.

"In practically all these sectors, we were told China had already considerably opened up and that there was intention to continue to do so," he said.

Chaiyasarn and Labour and Social Welfare Minister Chutchai Earsakul.

He is to meet with Prime Minister Goh Chok Tong, Senior Minister Lee Kuan Yew and President Ong Teng Cheong.

PERTH, Australia: The merger of Kingstream Resources and Taiwanese steel company An Feng Steel Co is sure to attract financing to build a US 1.1 billion dollar (1.4 billion Australian dollar) steel plant, Kingstream's chairman said.

The steel slab project near Geraldton will feed An Feng's rolling mills in Taiwan.

Kingstream Chairman Ken Court said Wednesday he expected the merger between the project partners to be in place by the end of April or early May.

"There is no question about the financing of the project," Court said.



Mitsubishi won the second prize at the Dhaka International Trade Fair '97. Commerce and Industries Minister Tofael Ahmed seen handing over the DITF '97 Trophy to Begum Romana Rouf Rumea, Director of the Rangs Group, at a function held at the fair yesterday.

## US accused of exaggerating trade deficit with China

BEIJING, Mar 21: Refuting charges that Chinese workers are stealing American jobs, China accused the United States on Friday of greatly exaggerating its ballooning trade deficit with China, reports AP.

In a defence of its growing economic strength, the Chinese government said more than one million American jobs depend on trade with China and that the number is growing yearly.

It also said that cheap Chinese shoes, garments, toys and other exports to the United States have benefited American consumers and helped ease US inflation rates.

"The sustained growth of Sino-US trade has played an active part in the economic development and creation of jobs in the two countries," the State

Council, China's cabinet, said in a statement.

The US trade deficit with China shot up 17 per cent to a record high 39.5 billion dollars last year, second only to the deficit with Japan, according to US figures.

Some US politicians claim that the growth in Chinese imports is hurting US firms, taking jobs away from Americans.

US trade officials fear that the Clinton administration's policy of maintaining broad ties with China could face mounting opposition in the United States if the deficit continues to grow.

But in its statement, the Chinese government said the deficit was "largely exaggerated," based on flawed statistics, and made worse by contin-

ued limits on some US exports to China that cost US firms "several billion dollars" in lost opportunities each year.

The United States "should not shift the blame upon other countries," said the statement, excerpts of which were published by the official Xinhua News Agency.

According to Chinese statistics, China had a trade surplus of just 10.5 billion dollars with the United States last year, it said.

It said direct exports to China have created 300,000 jobs for the United States and that bilateral trade has created at least one million jobs for US industries and services.

"Such a trend is marked by a continuous growth from year to year," it said.

## Taiwanese to be fined for unauthorised investment in China

TAIPEI, Mar 21: Taiwanese making unauthorised investments in China will be fined up to 15 million Taiwan dollars (545,500 US dollars), the government said Wednesday.

The fines are aimed at getting investors anxious to tap China's enormous demand for capital to toe the line on government restrictions. The government fears the rush to invest in China could deprive the Taiwanese economy of capital and make it hostage to political friction with Beijing.

Businesses that don't register their undeclared investments in China will be fined three million to 15 million Taiwan dollars (109,000 to 545,500 US dollars) until they either comply or pull out of China, said Huang Chin-tan, deputy executive secretary of the Economics Ministry's Investments Commission.

Undeclared investments may total billions of US dollars.

Government statistics show 11,100 registered investments by Taiwanese companies in China worth about 6.87 billion US dollars. But Chinese statistics show 35,000 Taiwan-based companies in China with more than 15 billion US dollars in total investments.

Other estimates of total Taiwanese investment in China run to 24 billion US dollars.

Government agencies will enforce the crackdown by checking that money going abroad is used as stated and not diverted to illegal investments in China, Huang said.

Many investors put projects on hold after President Lee Teng-hui cautioned last August against putting too much into China.

But the Formosa Plastics Group, the island's largest private corporation, has since restarted construction of a three billion US dollars power plant, the biggest-ever Taiwanese investment. It is using funds from its US subsidiary to fund a ban on large-scale energy and infrastructure projects in China.

Taiwan shelved plans to further open up economic contacts with the mainland in response to setbacks in its diplomatic struggle with China.

China claims sovereignty over Taiwan and has been pressuring the 30 countries that recognize the island to break those ties. South Africa, the most influential country recognizing Taiwan, plans to break ties by the end of this year.

## Mad cow disease WTO will study moves to curb beef trade

GENEVA, Mar 21: The World Trade Organisation will informally study moves by more than 30 countries to curb trade in beef because of fears over mad cow disease, officials said Thursday, says AP.

The body decided to look into whether the restrictions are in accordance with WTO rules after Switzerland complained that many of the measures were unnecessary.

Switzerland, which has had the second highest incidence of the disease after Britain, said members of the European Union and other nations had curbed the transportation of cattle and even banned the import of hides.

The disease, which leads to deterioration of the brain, has been blamed on the now discontinued practices of mixing animal byproducts with cattle feed.

The trade restrictions were imposed after British scientists announced a possible link between the disease in cattle and humans.

The United States, meanwhile, withdrew its request that the WTO establish a panel to rule on its dispute with the European Union over EU duties on grain imports.