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UK information centre at Ctg Chamber soon

CHITTAGONG, May 2: A British commercial information centre enriched with updated technology will be established soon at Chittagong Chamber of Commerce and Industry (CCCI), says BSS.

This was disclosed by a delegation of the officials of the British Council, Dhaka, when they called on President of Chittagong chamber Jafrul Islam Chowdhury, MP, at the latter's office here Wednesday.

The delegation led by Mohammad Rahamatullah, chief of Commercial Section of the British Council said the commercial centre to be established in Chittagong Chamber with E-mail, and other modern information technology will provide commercial information of Britain and Bangladesh to business entrepreneurs of Chittagong.

He said the trade and investment between Bangladesh and Britain are gradually increasing. He referred to the increased investment in generator and pharmaceutical sectors besides power and energy sectors, a chamber press release said.

Regional managers' confce of Pubali Bank Ltd held

The regional managers' conference of the Pubali Bank Limited was held at its head office on Wednesday, says a press release.

E A Chaudhury, Chairman of the bank, opened the conference as chief guest.

The Managing Director of the bank, Md Qamrul Huda, was in the chair and B Mawla, General Manager, addressed the conference on behalf of the organisers of the conference. Other general managers also spoke on the occasion.

In his speech, Chaudhury, expressed satisfactions at the overall performance of the bank in respect of recovery of classified loans.

Pubali Bank, he added, has been earning increasing profits during last three years despite all odds.

US economic growth surges in 1st quarter

WASHINGTON, May 2: US economic growth exploded at an annual rate of 5.6 per cent in the first quarter, the strongest in a decade, as consumers nearly doubled their rate of spending, reports AP.

Financial markets, where the Dow Jones average of industrial stocks soared near-record 179 points Tuesday, were sure to view the unexpected surge with trepidation.

In advance, economists had been looking for a robust — but not torrid — four per cent seasonally adjusted growth pace in the gross domestic product.

Roller-coaster volatility has roiled Wall Street for nearly two months now. Strong economic reports have triggered plunges by convincing investors the Federal Reserve would embark on a long campaign of interest-rate increases to quell inflationary pressures.

Upswings have followed evidence that inflation is contained, such as the modest 0.6 per cent rise reported Tuesday in Americans' wages and benefits in the first quarter.

Wednesday's Commerce Department report on the gross domestic product, the sum of all goods and services produced in the United States, not only showed extremely strong growth. It provided new evidence of inflation creeping higher.

A key inflation gauge tied to the GDP rose at a 2.7 per cent annual rate, the fastest in two years, following a 1.9 per cent rate in the fourth quarter a year earlier.

In an effort to pre-empt inflation, the Federal Reserve raised short-term interest rates a quarter percentage point on March 25.

BASC training workshop on Thai Pangas ends

The certificate awarding ceremony of the five-day long training workshop on Culture and Management of Thai Pangas, organized by Business Advisory Services Center (BASC) was held at its training hall in the city on Wednesday, says a press release.

Abdul Karim, Managing Director of MIDAS and acting chairman BASC Board of Directors, attended the ceremony as chief guest.

The training workshop was participated by 22 participants, among whom were emergent entrepreneurs, who want to undertake Thai Pangas farming as a profitable business venture; fish farm and fish hatchery owners; dairy, poultry and integrated farm owners who want to diversify farming practices by introducing Thai Pangas in their farming systems.

The training sessions were conducted by the training and extension experts, having extensive field-level experience in research and extension of Thai Pangas farming technologies.

Share market passes trepidant week

By Rafiq Hasan

Country's capital market passed another trepidant last week as the major market indicators witnessed heavy fluctuations.

Observing the continued decline over the weeks, the out market traders started agitation again in front of the DSE building while rumours were in the air that the government was thinking of dissolving the DSE Council.

However, the Securities and Exchange Commission chairman, Dr Harunur Rashid, told The Daily Star that the government was yet to take any decision for dissolving the Council.

A high-level meeting was held at the Prime Minister's Office to review the overall situation prevailing in the capital market.

The meeting discussed different options about the improvement of the situation but no concrete decision was taken.

A panic was created among the investors and persons related with the share business when the DSE All Share Price Index dipped below 900-mark on Monday.

The kerb market operators staged a series of demonstration protesting the continued fall in most of the issues and demanding resignation of the DSE chairman Imtiaz Hossain and Finance Minister S A M S Kibria.

They also vowed to start a continued sit-in programme in front of the DSE building unless the prices go up.

The kerb market operators' agitation has become slightly mild seeing the upward trend in the share market since Tuesday.

Over the week the DSE All Share Price Index fell by 64.72 points declining to 957.48 points from previous week's closing position of 1022.20 points.

The market capitalisation of the bourse suffered by Taka 530.76 crore closing at Taka 7970.23 crore from previous weeks Taka 8500 crore.

As many as 15.82 lakh shares and debentures valued at Taka 20.82 crore changed hands during five days of business.

The market was closed on Thursday on the occasion of May Day.

Out of average 118 traded issues, share prices of 71 suffered everyday while 46 gained and one remained unchanged.

All Securities Price Index at Chittagong Stock Exchange fell by 19.28 points over the week and closed at 424.72 points from 444 points previous week.

The market capitalisation of the bourse lost Taka 296.17 crore declining to Taka 6219.66 crore from 6515.83 crore.



E A Chaudhury, Chairman of Pubali Bank Ltd., opening the conference of regional managers' of the bank at its head office in the city Wednesday. Md Qamrul Huda, Managing Director, presided over the conference.

Asian stock markets close higher

HONG KONG, May 2: Asian stock markets ended the week generally higher Friday, with share prices rising in Tokyo for the fourth straight day, reports AP.

Tokyo's 225-issue Nikkei Stock Average rose 239.42 points, or 1.24 per cent, closing the week at 19,514.75 points. The index now has gained a total of 901.89 points in four trading days, including Thursday's 124.21-point gain or 0.65 per cent.

The broader Tokyo Stock Price Index of all issues listed on the first section was up 14.29 points, or 0.98 per cent, to 1,467.53. The TOPIX closed up 12.05 points, or 0.84 per cent Thursday.

Traders said institutional investors actively bought blue chips, including Honda Motor and Toyota Motor, on the back of their strong global business prospects.

There was little major market-moving news with many domestic companies closed because of the 'Golden Week' holiday period in Japan.

Meanwhile, the US dollar was quoted at 126.68 yen in late afternoon, down 0.70 yen from late in Tokyo Thursday but above its late New York level of 126.51 yen overnight.

In Taiwan, share prices closed sharply lower on continued profit-taking.

The Taipei market's key Weighted Stock Price Index fell 298.66 points, or 3.5 per cent, to 8,187.00. It was the index's largest fall since the 346.74-point plunge on January 5.

Traders attributed the slump to concern about Taiwan's slow economic recovery.

HONG KONG: Share prices closed higher for the third straight session. The Hang Seng Index, the market's key indicator of blue chips, rose 60.92 points, or 0.46 per cent, closing 13,081.70.

WELLINGTON: New Zealand share prices closed higher. The NZSE-40 Capital Index rose 11.42 points to 2,277.53.

MANILA: Share prices closed with the index at a new low for the year, as foreign selling continued because of worries about the future of the country's economy.

The Philippine Stock Exchange Index of 30 selected issues fell 42.52 points to 2,605.65.

SYDNEY: Australian share prices closed slightly higher in subdued trading, with investors seen cautious ahead of crucial jobs data due to be issued in the US later in the day. The All Ordinaries index rose 6.2 points to 2,491.60.

SEOUL: Share prices closed higher in active trading. The Korea Composite Index rose 2.87 points to 706.10.

SINGAPORE: Share prices closed higher on the back of light institutional buying in index-linked stocks. The Straits Times Industrials rose 11.97 points to 2,016.23.

KUALA LUMPUR: Malaysian share prices closed mostly higher. The benchmark Composite Index rose 17.79 points to 1,097.96.

BANGKOK: Thai share prices closed lower. The Stock Exchange of Thailand (SET) index fell 1.19 points to 660.10.

JAKARTA: The stock exchange's Composite Index fell 2.564, closing at 647.894.

Issues for structural reform in banking sector of Bangladesh

by Prof Dr MA Mannan

At the conceptual level, we have taken the British banking system based on market as 'given'. Banking system in Bangladesh has not been evolved like UK or USA. It is high time to examine validity of the assumptions of neo-classical orthodox paradigm on which our banking system is based and to relate the model of our banking system to the socio-economic realities of real people in the real economy to set the stage of structural reform for the 21st century.

Managing change of archaic law that govern banking system in Bangladesh

There is a disproportionate stress on authority without responsibility. There is a clear emphasis on form rather than substance. Professionalism is missing. The need for reviewing of the various provisions of the Banking Company Act is urgently called for. We need pro-people and pro-development banking system.

Developing a private sector friendly banking system and its supportive legal structure

Currently, private sector banking has a lot of responsibility without real authority. There is a disproportionate stress on government directives. We should privatise the unnecessary rules and procedures to remove structural rigidities. The measures for institutional reform of the legal structure to support privatisation programmes in banking sector is called for. There is a need for political will and commitment.

Privatisation of Bangladesh Bank through "management contract" to develop "analytical ability" as termed by World Bank or through legal reorganisation

The role, composition and appointment of Central Bank Board can have an important influence on the nature of relationship among central bank, government, and public. In Bangladesh, all seven directors of the board of the central bank of which three have to be government servants are appointed by government which also appoints the Governor and the Deputy Governors. The private sector involvement is needed. Private sector does not need either master or servant. It needs partnership in development and progress.

Monetary policy accountability and monitoring

Defining clearly the objectives of monetary policy is not enough. There is a need for strong accountability and monitoring mechanism. What is perhaps needed is the introduction of the concept of "performance contract" for all possible levels of banking cadre.

Legal constraints on financing government

Despite limitations, statutory limits could still prove useful in promoting monetary restraint in the case of a non-independent central bank in a country with relatively less-developed financial markets.

Re-structuring formal banking beyond tightening loan recovery and legal framework

What is needed here is to de-emphasise the negative curative measures. While there is need to strictly enforce all laws against white collar financial crime, provisioning for bankruptcy legislation, the emphasis should be given on preventive measures such as contract management, performance contract for officers in banking sector, improving real time data communication etc. There is a clear need for strengthening accounting and auditing practices and measures for recovery of loans before they are classified or struck-up. Formal sector banking must pay attention to correct historical distortion in our resource allocation in favour of the few rich to the neglect of "invisible millions" whose deposits are in fact supporting banking structure in Bangladesh.

Building financial institutions and market for non-corporate sector

In a country where a vast majority of people live in the rural areas and make their living through informal financial arrangements, there is a need for provision for financial services to rural areas and to the rural and urban poor with better links between informal and formal financial institutions.

Developing innovative financial instruments for third voluntary sector of economy of Bangladesh

Legal provision should be made for developing innovative financial instruments in the voluntary sector of the economy, committed to financing development and management of Waqf, Mosque and Trust properties as well as various funds for social financing programmes.

Understanding Interaction and Co-existence of Participatory and Islamic Banking with Conventional Banking system

The progress of participatory and Islamic Banking will involve finding ways to co-exist with other banking systems in order to provide a full service to global customers in a conventional economy. There are number of issues and problems in developing services in areas like fund management, securitisation of voluntary sector, corporate finance, informal finance, finance for the non-corporate sector. The role of Bangladesh Bank as supervisor and its capacity to implement reform in context of the prevailing system and process of governance need to be reviewed. The more unconventional and unorthodox a bank's operation, the greater we need to understand the unconventional bank's business rationale, its operating principles involving risk management and strategic direction. It is to be examined whether Islamic Bank and Insurance Companies be allowed to own each other.

Developing global network of Islamic Financial Market

Although a few Islamic Banks in one country may not constitute an Islamic Banking system, yet there is a confirmed presence of Islamic Banking and investment companies in at least 25 countries in Middle-East, far East, African and several western countries with a conservative estimated size of market of 100 billion US dollars. World Bank and IMF have clearly recognised presence of Islamic Banking and Finance. What is needed is the institutional and legal measures where we can participate to provide depth, develop new instruments and products and inter-bank market.

Social Investment Bank Ltd (SIBL) a case study for managing innovations and experiments

Priorities for reform should include provisioning special policy guidelines covering the special need of this bank and the like. To the best of our knowledge, there is no commercial bank in this country, perhaps, in the whole world which operates on the basis of integrated three sector model: Formal, Informal and Voluntary sectors of the economy. This is the only bank in the country which starts with the very phrase: "Targeting Poverty", while stating its objects in Memorandum of Association for achieving a goal of participatory economy for a caring society. Clearly, this bank intends to operate much beyond the scope of market economics. Where market economy ends, this participatory bank begins.

Lastly, it should be stressed here that the above mentioned list of issues are by no means exhaustive. They can, however, form a modest basis for further dialogue and policy suggestions. Professionalism, privatisation and political will are needed, indeed.

(The author is founder Chairman of Social Investment Bank Ltd.)

Merrill at reception Eliminate child labour from other sectors

Outgoing US Ambassador David Merrill suggested that steps should be taken for eliminating child labour from other sectors like shrimp, leather and household, reports UNB.

He described the elimination of child labour from garment industry as one of the most satisfactory projects in Bangladesh and said similar steps should be taken for other sectors also.

"It sets a new trend" in solving the problems of children in Bangladesh, said the envoy who played a vital role in signing the MOU in 1995 between BGMEA and ILO and UNICEF on elimination of child labour from the garment industry.

Speaking at a reception accorded to him by the UNICEF at its office Wednesday, Merrill said the agreement was possible with the active cooperation between the government and the private sector.

Officials and representatives of the government, ILO, UNICEF, BGMEA, US Embassy and different UN systems were present at the reception.

Expressing satisfaction over the implementation of the child labour elimination project, the Ambassador said the programme went beyond Bangladesh. Different countries including Pakistan are working on it following the example set in Bangladesh.

Referring to the problem of child trafficking, the US Ambassador expressed his concern over the trafficking of girls and boys to India, Pakistan and Middle East.

"It is a recognised problem here and both Prime Minister Sheikh Hasina and Leader of the Opposition Begum Khaleda Zia agreed that concerted efforts be made to solve this problem," said the US Ambassador, assuring that the US Embassy staff here are also working to deal with the issue.

Earlier, UNICEF Representative Rolf C Carrier welcomed the envoy and appreciated his role in eliminating child labour, improving the health of mother and child and establishing their rights in society.

Kuwait keen to recruit more Bangladeshi workers

Demand for Bangladeshi workers is growing abroad because of their skill, honesty and good conduct, the State Minister for Labour and Manpower said here Wednesday.

State Minister MA Mannan, who recently visited Kuwait, told UNB that the oil-rich tiny Gulf country is keen to recruit more Bangladeshi workers for its specialised sectors.

Some 2.33 lakh Bangladeshi workers are now employed in different public and private establishments of Kuwait.

During the visit, Mannan had meetings with concerned ministers and officials of the Gulf country on employment of more Bangladeshis there.

On an average, Bangladesh received monthly remittance of Taka 2,516 crore in 1996 from about 20 lakh Bangladeshis working in different countries. The rate of remittance is increasing day by day.

About eight lakh Bangladeshis are now working in Saudi Arabia, 2.05 lakh in UAE, 75 thousand in Qatar, 500 in Libya, about 60 thousand in Bahrain, about two lakh in Oman, 8,000 in South Korea, about 2,000 in Singapore, about 8,000 in Brunei, about 400 in Laos, 1,000 in Mauritius, about 1,000 in Spain, 1,500 in Lebanon and about 12,000 in other countries.

In Malaysia, legal Bangladeshi workers are estimated at 2.32 lakh and another 1.50 lakh are in the process of legalisation.

Stocks, UK currency fall on Labour victory

LONDON, May 2: The stock market and the British pound fell early Friday as traders weighed the impact of a massive election victory by the opposition Labour Party, reports AP.

But the drop on the London Stock Exchange was not nearly as bad as analysts had guessed overnight, and some traders suggested the pound's decline may have been a knee-jerk overreaction.

For months, Labour leader Tony Blair had been widely anticipated as Britain's next prime minister, and traders had already factored this into their investment strategies.

It was only the size of Blair's majority, roughly two-thirds of the House of Commons, that caught markets by surprise.

London's top stock market barometer, the Financial Times-Stock Exchange 100-share index opened modestly lower and was off by 12 points, or 0.3 per cent, at 4,433.0 after an hour of trading.

Sterling slipped to 1.6107 dollars, down from 1.6248 dollars late Thursday and its lowest level against the US currency since mid-March. The pound fell to 2.7759 German marks, from 2.8034 late Thursday.

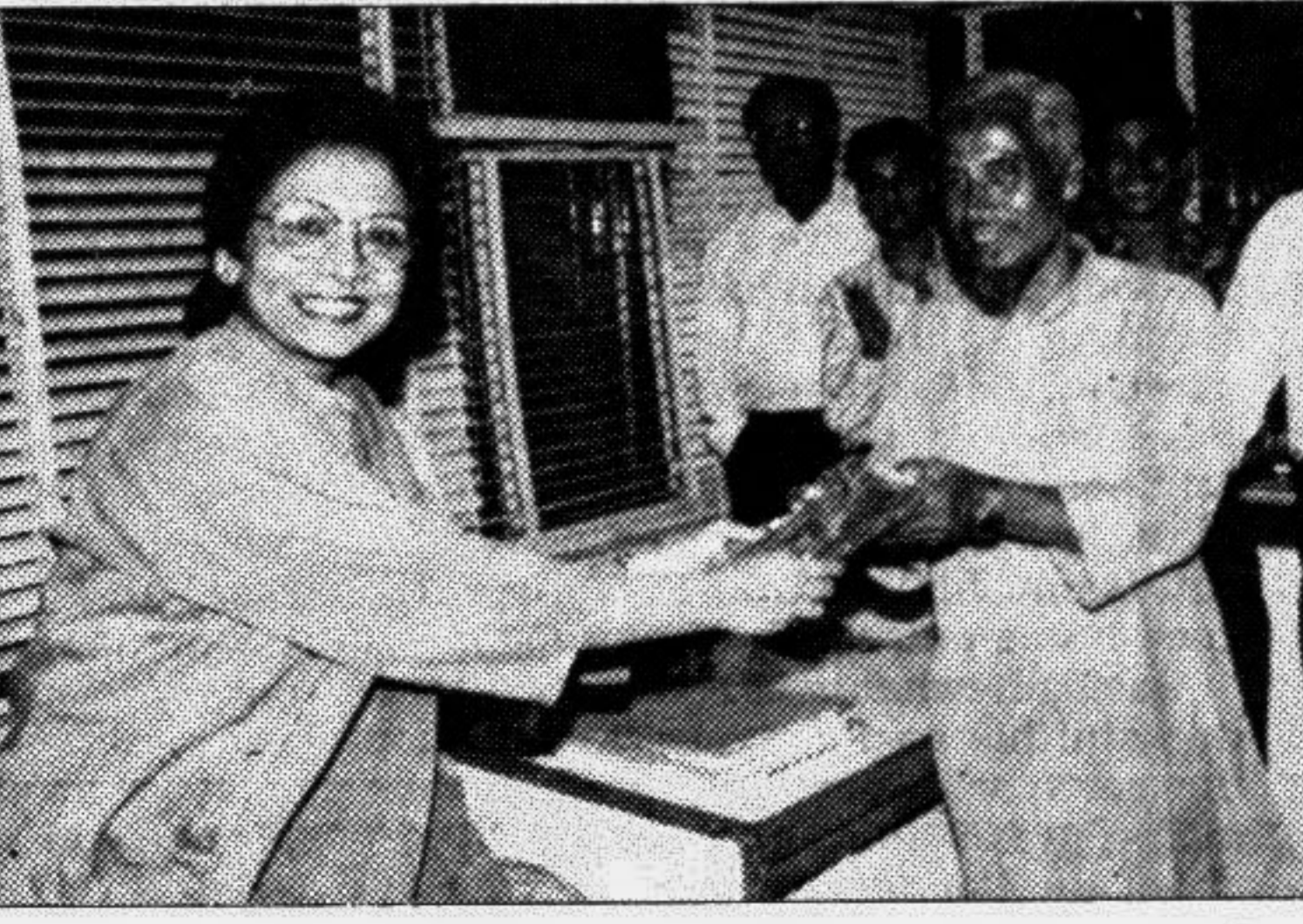
"The size of Labour's majority generates uncertainties which we think aren't justified," said David Owen, British economist at the investment bank Dresdner Kleinwort Benson.

As far as stocks are concerned, although they fell Friday it was from a record high hit on Thursday and the drop was not nearly as steep as the 50 points or more that some market watchers had forecast overnight.

The decline in the Dow Jones industrial average in New York on Thursday may have had a bigger impact than the Labour landslide.

Currency traders were selling the pound on speculation that Labour will try to push it lower to make British exports more competitive — but that might not happen in the short term.

Analysts widely expect Labour lawmaker Gordon Brown, expected as the new treasury chief, to raise interest rates slightly at a meeting next Wednesday with Bank of England Governor Eddie George.



Geeteara Safiya Choudhury, Chairman and Managing Director of Adcomm Ltd., recently handed over a crest to Ali Hossain, Executive (printing department) on completion of his 20-year sincere and dedicated service to the company.

India's oil prices must be increased, says Gujral

NEW DELHI, May 2: India's new Prime Minister Inder Kumar Gujral said Thursday government-controlled gas prices must be hiked and he would not hesitate to take such unpopular decisions, says AP.

Widespread protests among the public and stiff opposition from partners in the governing United Front coalition forced the government last year to scale back the increase in prices of petrol and diesel.

Gujral, who became prime minister 10 days ago after the collapse of H D Deve Gowda's government in a confidence vote in Parliament, said in an interview to state-run television that the hike had become unavoidable. He set no date for the change in prices, which are announced suddenly to prevent price gouging.

The Front again formed a government, but was forced to replace Gowda because the Congress Party — which had supported it — insisted on a new leader. The minority Front needs the help of Congress to stay in power.

"Unpopular decisions have to be taken to avoid bigger trouble and we will take them," he said. But he said the government "will try and soften the blow as much as possible."

The government loses billions of rupees (millions of dollars) subsidizing oil products. Successive governments have resisted raising the price of kerosene because millions of poor people use it as fuel. Hiking diesel prices will push up the cost of food because trucks mostly run on diesel.

Gujral said he aims at boosting the growth rate in gross domestic product to 8 per cent a year from around 7 per cent during the last three years. "I see no reason why it can't be done," he said.

Dollar rises against yen in Tokyo

TOKYO, May 2: The US dollar inched higher against the yen Friday, reports AP.

The dollar was quoted at 126.68 yen in late afternoon, down 0.70 yen from late in Tokyo Thursday but above its late New York level of 126.51 yen overnight. It ranged between 126.45 yen and 126.93 yen in Friday's trading.

On Thursday, the US currency rose as high as 127.47 yen, its highest level since it touched 127.50 yen on August 13, 1992. But rumours of central bank intervention contributed to the dollar's retreat below the 127.00 yen level.

The benchmark No 182 10-year Japanese government bond closed at 104.91 yen, up from Thursday's 104.73 yen close. Its yield fell to 2.300 per cent from the previous day's 2.325 per cent.

Insurance coverage of workers poor in India

NEW DELHI, May 20: The standing committee on labour and welfare has taken a serious note that only 6.5 per cent of 320 million workforce in the country was covered under Employees State Insurance (ESI) Act, says PTI.

The committee is not happy with the situation and in its view the enforcement machinery of the organisation is not up to the mark, its Chairman, Madhukar Sirdopdar, MP, said in the latest report of the committee presented in the Lok Sabha Wednesday.

It found that the machinery to redress grievances was not only very weak, the ESI coverage was very low and even the ESI hospitals were not in good condition.

MIGA needs more funds

The Multilateral Investment Guarantee Agency (MIGA), created in 1988 as a member of the World Bank Group to promote the flow of foreign direct investments into developing countries, faces a need for additional capital to support its increasing success in issuing investment guarantees, according to a press release.

The Agency has doubled its portfolio in two years, from one billion dollars in 1994 to 2.3 billion dollars in March 1997, and in moving toward the conclusion of another successful year. Into its seventh year of operations, MIGA has issued 255 guarantee contracts, facilitating approximately 15.5 billion dollars in foreign direct investment in 44 developing member countries. In addition, MIGA currently has more than 1,000 preliminary applications for guarantee and has an active business pipeline of about 1.4 billion dollars i.e., a prospective total of 3.7 billion dollars in coverage.

Maximum allowable business at the current risk-to-asset ratio is 3.5 times subscribed capital and reserves of 1.1 billion dollars i.e., 3.9 billion dollars. Thus, with the sharp rise in demand for its services, MIGA could exhaust its capacity to issue new coverage in the near future.