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The Daily Star BUSINESS

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**HYUNDAI**

CARS THAT MAKE SENSE

Islami Bank recommends 20 pc dividend

The Islami Bank Bangladesh Limited has recommended a 20 per cent dividend for shareholders for the year 1996, says press release.

The recommendation was made at a meeting of the Board of Directors of the bank held in the city on Thursday. Commodore Mohammad Aatur Rahman (Retd), Chairman of the bank, presided over the meeting. It approved the profit and loss account and balance sheet for last year.

The meeting reviewed the performance of Rural Development Scheme of the bank and decided to create a separate subsidiary organisation in the name of 'Rural Development Organisation' (RDO) for gradual dispersal of rural investment throughout Bangladesh.

The Board evaluated the overall performance of the bank and expressed its satisfaction at the significant progress achieved during the period.

The 14th annual general meeting of the bank will be held on August 28, 1997.

The bank sanctioned Taka 10 lakh for relief operations among the victims of recent cyclone affected areas of Chittagong and southern part of the country.

Local and foreign directors including Yousif Abdullah Al-Rajhi of Al-Rajhi Co. for Industry and Trade, KSA; A Latif A Rahim Janahi of Bahrain Islamic Bank; Prof Korkut Ozal of Islamic Development Bank (IDB); Abdul Wahab Al-Houti of Ministry of Awqaf and Islamic Affairs, Kuwait and Hamad Al-Hageri of Public Institution for Social Security, Kuwait, were present in the meeting.

Sony making top management change

TOKYO, May 23: In a rare move for a Japanese company, Sony Corp is cutting its board of directors to 10 from the current 38 to clarify lines of responsibility, a company spokesman said Friday, reports AP.

A spokesman for Japan's best-known electronics maker said Sony will be the first among Japanese companies to distinguish those personnel responsible for policy-making and oversight from those executives responsible for operational management.

Sony's Vice Chairman Isunao Hashimoto said the move will have "broader implications in the way we conduct business as a diversified global corporation by more clearly defining the division of responsibility among top management."

Many large Japanese companies have about 40 board of directors and hold their board of directors' meetings once a month. Meetings often end in an hour or so after a pre-arranged agenda is approved. A series of top management changes will be proposed at Sony's general shareholders' meeting on June 27, the company announced.

4 leading Japanese electronics cos report profit

TOKYO, May 22: Three leading Japanese electronics manufacturers on Thursday announced profit increases for fiscal 1996, and Matsushita Electric Industrial Co returned to profitability from a net loss, reports AP.

All said they were helped by stronger international demand for key products, but they also credited the weakening of the yen, which lowered domestic production costs and allowed lower prices overseas.

Matsushita reported a profit of 137.85 billion yen (1.19 billion dollar) for the year ended March 31, compared to a loss of 56.87 billion yen (490.26 million dollars) the previous year.

Matsushita, one of the world's leading electronics makers, said it was helped by stronger overall television and VCR equipment sales, including domestic demand for its high-definition television.

Group net profit for NEC, a worldwide computer and semiconductor maker, rose 18 per cent to 91.58 billion yen (789.48 million dollars) on sales of 4.95 trillion yen (42.67 billion dollars), up from 4.40 trillion yen (37.93 billion dollars) the previous year.

Sharp said its 3.26 billion yen (28.10 million dollars) growth in profit was small compared with the 140 billion yen (1.21 billion dollars) rise in sales because of steep falls in integrated circuit prices during the year.

Sumitomo Electric Industries Ltd, which is strong in optical fiber and electric cables, had a net profit growth of 15 per cent, from 28.07 billion yen (241.98 million dollars) to 32.21 billion yen (277.67 million dollars), on sales of 1.26 trillion yen (10.86 billion dollars), up from 1.16 trillion yen (10 billion dollars) the previous year.

Share market shows upward trend over the week

By Rafiq Hasan

Country's capital market is booming again as the major market indicators of Dhaka and Chittagong stock exchanges showed continuous upward trend last week except Thursday.

Voluminous trading held everyday while prices of most of the issues gained and little suffered.

Upward trend beginning from the previous week continued on Saturday, Monday and Tuesday but it suddenly nosedived on Thursday by falling more than 50 points.

Though Tk 9.10 crore worth of shares and debentures exchanged, shares of 109 companies went down and only 25 issues gained on that very day.

But compared to the previous week's position, the DSE All Share Price Index rose by 43.26 points in four trading days reaching 1187.84 points from 1144.58 points previous week.

Trading was closed on Sunday and Wednesday due to government holidays on the occasion of Ashura and Buddha Purnima.

The DSE market capitalization also surged by Tk 360.12 crore and closed at Tk 9887.80 crore from previous week's Tk 9527.68 crore.

The All Securities Price Index at Chittagong Stock Exchange increased by 36 points and closed at 514.88 points on Thursday while its market capitalisation rose by Tk 1,312 crore.

The CSE market capitalisation closed at Tk 7562.09 crore from 6250 crore.

Market operators and some DSE members expressed concern over the unusual fluctuation of major market indicators. They said shares of some companies which have no fundamental support are rising gradually whereas shares of those companies having good fundamentals are remaining stable.

They said market may go up again like previous year's August-September period and investors will lose their money.

When asked for comments on the recent trend in the capital market, a former DSE councillor said: "It is very difficult to comment on this market because there are so many visible and non-visible players that we cannot understand it."

He further said an organised group is again trying to make early profit manipulating the market in a different way. A section of DSE members, some

company owners and a gang of kerb market operators are involved in market manipulation.

According to insiders, share prices of some issues are rising again mainly due to various rumours related to their price sensitive information.

They said though the DSE lodged complaints against a number of companies accusing them of spreading misinformation and rumour,

the Securities and Exchange Commission (SEC) is yet to take any action against those companies.

The companies were blamed for not providing price sensitive information timely and spreading misinformation about declaring dividend, bonus and right shares before their Annual General Meeting which raises the price of shares of those companies sky high.

According to capital market rule, a company should inform the stock exchanges immediately after taking decision for declaring dividend, bonus and right shares at the board meeting of the company.

But some DSE-listed companies are delaying in this regard which gives scope for spreading rumours.

Recently, a multi-national company delayed about 15 days in providing price sensitive information to the DSE. The company at its board meeting on March 28 decided to give 220 per cent dividend against its Tk 10 valued share but the letter containing this information reached DSE on April 18.

The company, whose 80 per cent shares are held by sponsored directors and 20 per cent floated for local people, said in its clarification that the high dividend was given by revising its cash flow position.

A rumour was spread in the market that a local pharmaceutical company would declare 200 per cent dividend and 50 per cent bonus shares at its next Annual General Meeting. The DSE sent a letter to the company seeking clarification of the news published in a local daily. The company instead of giving clarification sent a rejoinder to that newspaper and a photo copy of that rejoinder was referred to the DSE. The DSE formally informed the SEC of the matter through a letter yesterday and asked for taking necessary action in this regard. The price of this company continued to rise for a few weeks.



Nuruddin M. Kamal, Chairman of Bangladesh Power Development Board and Nasim H. Khan, Vice President of Enron International, are shaking hands after initialling an agreement in the city yesterday for installation of a power plant at Haripur in private sector.

US plans to allow banks to get into securities, insurance business

WASHINGTON, May 23: Treasury Secretary Robert Rubin outlined yesterday the Clinton administration's plan to allow banks to get into the securities and insurance businesses, eliminating 60-year-old legal barriers enacted during the great depression, reports Reuter.

"The old lines that separated insurance, securities and banking industries have increasingly blurred as new financial services and products have appeared, Rubin said.

He plan would allow banks, securities firm and insurance companies to compete directly under a uniform set of regulations that increased competition should benefit consumers generating savings of up to 15 billion dollar a year, Rubin said in a speech at the Exchequer Club here.

The highly anticipated administration proposal originally expected in March, takes its place with several bills already introduced in Congress to overhaul the Glass Steagall Act of 1933. "We look forward to working with Congress on this important initiative, Rubin said.

Congress and industry have been working to reform the law for more than a decade without success. But this year previous opponents of reform have come to the table as regulators and courts have chipped away at the law and granted banks some new powers.

House banking committee Chairman Jim Leach welcomed the plan but said some substantive issues were unresolved. While differences of judgment on several key legislative points remain Secretary Rubin's statement today is very constructive to the process" the Iowa Republican said.

Senate banking committee Chairman Alfonse D'Amato said he looked forward to working with the administration. "Our overriding concern should be to minimize the risk to taxpayers, D'Amato said.

Industry participants said the administration plan would give the reform effort a needed boost.

The proposal "should provide considerable momentum for long needed reform, bankers trust New York Corp. Chairman Frank Newman said. Newman gave the effort some prior momentum last month, when his bank took advantage of recent regulatory changes and acquired the securities firm Alex. Brown Inc.

Consumer advocates, however, complained that the proposal did not contain adequate measures to protect bank customers.

"We're very disappointed that there are not protections on insurance, Mary Griffin of Consumers Union said. Banks have a weak track record in that area, she added.

Credit insurance on mortgages the second most popular insurance product sold by banks "is one of the biggest consumer rip-offs out there," she said.

The Rubin proposal did not take a firm position on the controversial question of allowing banks to combine with non-financial commercial firms.

Power, water crises at New C Block in Mirpur-1

By Staff Correspondent

Most of the residents of New C Block in Mirpur Section One are not getting power and water connections.

They held an urgent meeting of New C Block Bohumukhy Shamobay Samity expressing strong resentment over the matter. Even after depositing the required money, the concerned authorities are not paying any heed to their sufferings.

The plot owners said they received demand notes and fulfilled all requirements but did not get power and water supply connection even after a lapse of four months.

The residents urged the concerned authority to take necessary action in this regard and mitigate the sufferings of the people.

The meeting was presided over by Golan Nabl and addressed, among others, by M A Kashem Pathan, Shamsuzzaman Titu, Bazul Rahman and Joyal Abedin. A press release said.

US budget surplus soars to record \$93.9 b in April

WASHINGTON, May 23: The US budget surplus soared to a record 93.9 billion dollars in April from 72.4 billion in the same month last year, reports AFP.

For the first seven months of 1997 the federal deficit shrank to 16.9 billion dollars from 55.3 billion in the comparable period of 1996.

Gold production in China up

BEIJING, May 23: China's gold production rose 20 per cent year-on-year to 35 tonnes in the first four months of 1997, the official China Daily reported yesterday, says AFP.

Mines saw lower profits during the period, however, as the government reduced its official purchasing price by 5.2 per cent early this year, said a source quoted from the metallurgical industry ministry's gold bureau.

Production costs have stayed at the same level despite industry efforts to raise efficiency, he said.

As a result, some firms in the sector — which had "virtually no" producers in the red in 1996 — are expected to show losses this year, the report said.

The source added that gold bureau had issued a circular warning producers to prepare for this year's seasonal summer floods.

Some 62 companies were "severely affected" by last year's floods, especially in Henan province, where gold production came to a halt for more than one month, the newspaper said.

The central government will invest 1.6 billion yuan (193 million dollars) in 1997 to upgrade the industry's mining and processing capacity, it said.

The January-April output put the industry on track to beat the official 1997 output target of 100 tonnes.

Singapore still not developed economy!

SINGAPORE, May 23: Singapore, the world's ninth richest nation in terms of per capita income, said today it was still not a "developed" economy, reports Reuter.

The ministry of trade and industry said the International Monetary Fund (IMF) had reviewed the classifications and said Singapore was one of five economies which had more in common with industrialised countries than with developing ones.

The IMF had reclassified Hong Kong, Israel, South Korea, Singapore and Taiwan together with the industrialised countries into a new enlarged grouping called "advanced economies", it said in a statement.

The assessment was based on per capita income, the degree of economic diversification and the development of their financial sectors, the ministry said.

It said Singapore was glad the IMF had recognised the progress the country of three million people had made.

"However, the three criteria do not add up to a full definition of a developed economy. Our economy does not have the depth and breadth of fully developed countries," it said.

Only 31 per cent of Singapore's labour force had at least post-secondary education compared with 89 per cent in the United States, 78 per cent in Japan and 60 per cent in Korea.

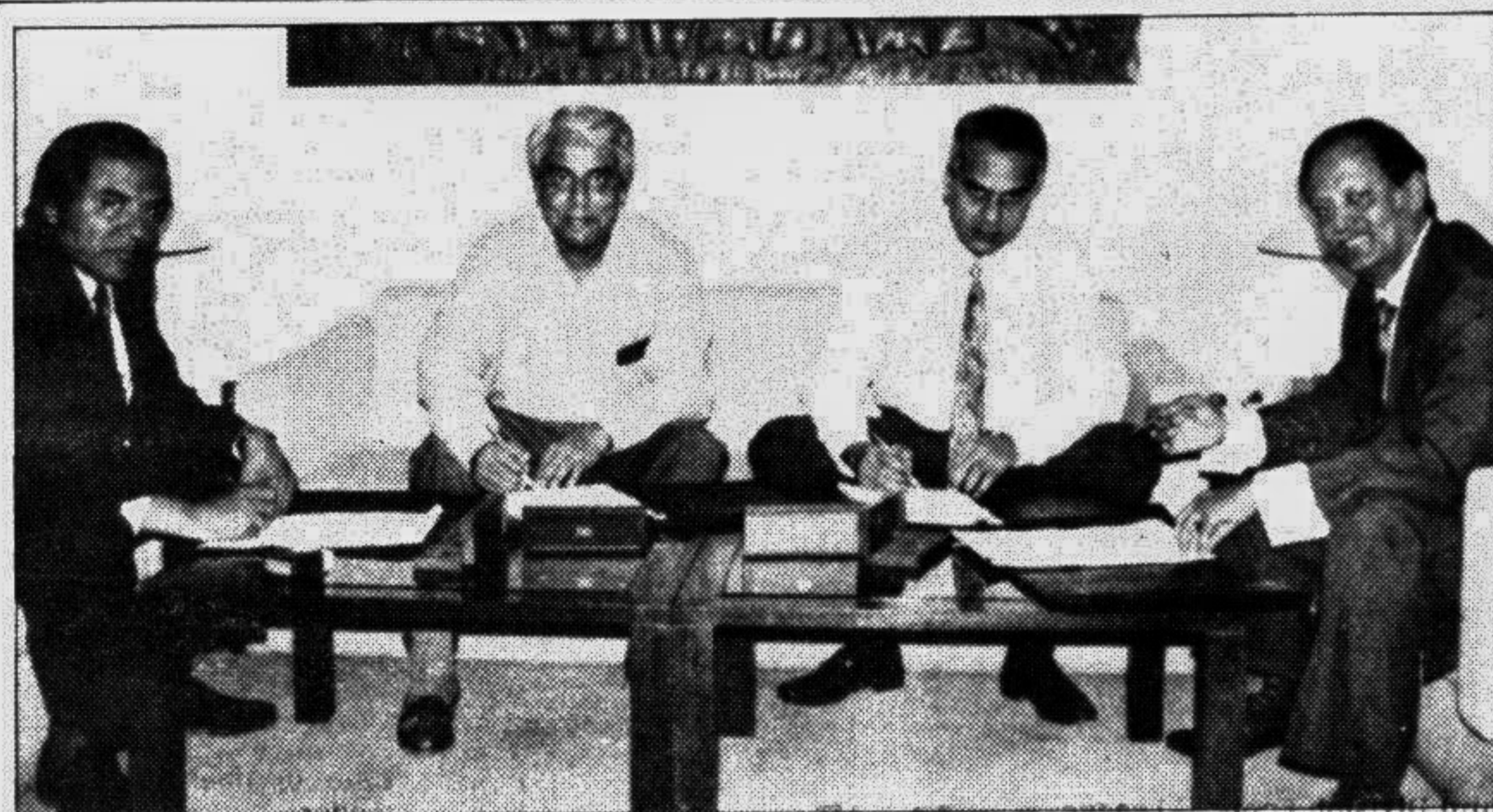
Most of Singapore's technology was not home grown but brought in by multi-national corporations.

"Our companies are not yet in the same league as companies in the US, Japan or Germany," it said.

And Singapore companies were still mostly small.

"No Singapore company is in the Fortune 500 List of the world's largest corporations," it added.

Singapore had a per capita gross domestic product (GDP) in 1996 of Singapore dollar 34,212 (US dollar 23,924).



American Express Bank Limited arranged and lead managed a syndicated term loan of Tk 7.5 crore for Sinha Yarn Dyeing & Finishing Limited (SYDFL), last week. The other participating banks are Southeast Bank Limited and Prime Bank Limited. This is the second syndication deal American Express Bank has done this year and it intends to concentrate further on such syndication deals for the remainder of 1997. (L to R) Abdur Rab, Executive Vice President of Prime Bank Limited, Anis R Sinha, CEO of Sinha Yarn Dyeing and Finishing Limited, Niaz Habib, Senior Director of American Express Bank Limited, and Syed Anisul Huq, MD of South East Bank Limited, are seen signing the syndication loan agreement.

US opposes increase in Iraqi oil sale

UNITED NATIONS, May 23: The United States opposes an increase in the amount of oil Iraq is allowed to sell under the UN oil-for-food plan and remains undecided whether to support an extension of the programme, US Ambassador Bill Richardson said Thursday, reports AP.

The Security Council must decide whether to renew the six-month programme under which Baghdad can sell up to two billion dollars worth of oil to buy food and medicine for its people suffering the effects of nearly seven years of international sanctions.

Those sanctions were imposed after Iraq invaded Kuwait in 1990. The oil-for-food programme runs out June 7.

"You should not expect the United States to support any increase in the amount of oil Iraq could export if the programme is renewed, Richardson said.

"The United States government has not yet decided whether to support the extension," he added.

Richardson told reporters that the United States has concerns about the transparency of aid distribution efforts in the northern Kurdish-controlled area of Iraq as well as regions administered by President Saddam Hussein.

Aid supplies purchased with oil revenues are distributed by the United Nations in the northern area of Iraq controlled by Iraqi Kurds. In the rest of Iraq, 151 UN officials monitor distribution by the Baghdad government.

Richardson said the US wants more precise information on how this system is working.

Earlier Thursday, the head of the UN Department of Humanitarian Affairs, Yasushi Akashi, said that it is a "foregone conclusion" that the oil sale will be continued after June 7.

But the final decision remains with the Security Council, where the United States has a veto.

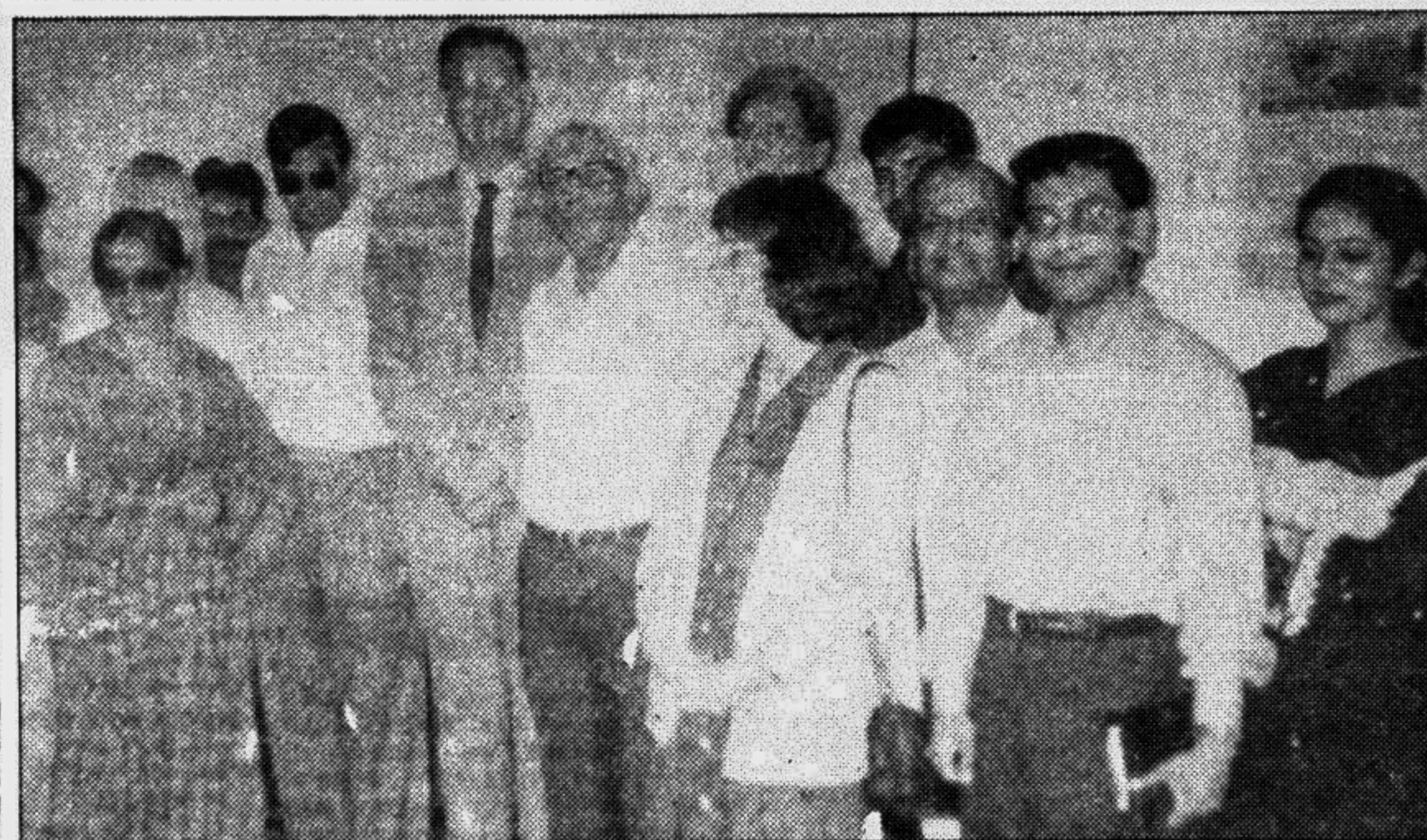
ROK Red Cross offers 40,000 tons of food to DPRK

BEIJING, May 23: The South Korean Red Cross offered Friday to send 40,000 tons of grain to North Korea to help ward off impending famine, reports AP.

Red Cross representatives from the rival countries resumed negotiations broken off nearly three weeks ago after South Korea could not specify how much aid it would deliver and when.

South Korean Red Cross Secretary General Lee Byung-woong and his North Korean counterpart, Paek Yong Ho, exchanged pleasantries and shook hands across the table for reporters at the start of the session.

Chang Moon-ik, spokesman for the South Korean Embassy in Beijing, told reporters that the 40,000 tons of corn, barley and other grains could be delivered by the end of July, a period aid groups have described as critical for food-short North Korea.



David Walker, the British High Commissioner in Bangladesh, handed over the full range of equipment for computerised Braille press to Safat Ahmed Choudhury, Chairman of Impact Foundation Bangladesh at a simple function in the city yesterday. This gift was given under the British-Bangladesh Partnership Scheme to produce text books, information materials and other documents in Braille both in Bangla and English for the blind in Bangladesh. The picture shows, among others, Gayle Yarnall, Braille Trainer, Monsur Ahmed Choudhuri, Director, IFB, David Walker, Safat Ahmed Choudhury, Neal Kumiansky, Braille Trainer, Emran Mahmud, Director, UNIDEV computers, and Anwarul Amin, Trustee, IFB and Braille Trainee.

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