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The Daily Star BUSINESS

DHAKA TUESDAY, JUNE 10, 1997



HYUNDAI

CARS THAT MAKE SENSE

Labour confce in Geneva

Mannan calls on IOM DG

State Minister for Labour and Manpower, M A Mannan, currently leading the Bangladesh delegation to the 85th International Labour Conference in Geneva, had a meeting with James Purcell, Director General of the International Organisation of Migration (IOM) on Friday last, according to a message received here yesterday, reports BSS.

During the meeting, Mannan pointed out that migration would be an issue of critical importance by the turn of the century and that to cope with this, it was essential for an inter-governmental organisation like the IOM to expand its activities.

In this connection, he welcomed the growing membership of the organisation and the follow-up to its strategic plan, with regard to the decision to establish a sub-regional office of the IOM in Dhaka, the minister assured the Director General of IOM that his government would provide all possible assistance.

Mannan thanked the Director General for his organisation's assistance in evacuating a good number of Bangladeshi workers from Kuwait during the Gulf War. He appreciated the IOM's collaboration in the language training courses for nurses in Bangladesh and hoped that further assistance would be forthcoming in future for expansion of the training programme.

3 new branches of Islami Bank

Three branches of Islami Bank Bangladesh Limited have been opened, says a press release.

One Branch was inaugurated at Bara Bazar in Pirojpur on Sunday.

Two other branches were opened at Lalidighur in Sylhet and Habiganj recently.

UAE trying to loosen dominance of Asians

DUBAI, June 9: The United Arab Emirates (UAE) is fighting an uphill battle to persuade locals to take on jobs in the private sector and loosen the dominance of Asians in the workforce, reports AFP.

A recruitment agency has opened for Emiratis for the first time, although most locals are put off by the relatively low pay and long working hours of the private sector.

"Our aim is to help emirates get a better understanding of the needs and constraints of the private sector," said the Director of Target Management Services Alsa Ayawes.

The demand for work from locals is on the rise while the public sector which recruits most (UAE) nationals, is saturated, he said.

Awayes said that his agency has received 500 applications from Emiratis job-hunters since it was launched two months ago, along with 1,200 from nationals of other Arab countries.

Official figures show that some 15,000 Emiratis are looking for a job, but the private sector prefers to rely on the skilled but low paid expatriate workforce.

Thanks for its oil wealth, the UAE gross national product per capita ranked among the highest in the world at 18,200 dollars in 1996.

Emiratis benefit from a cradle-to-the-grave welfare system, which provides free education, medical care, plots of land and even finance for weddings to discourage local men from taking foreign brides.

The number of Emiratis in the insurance and banking sectors is no higher than 12 per cent, out of a workforce of 12,000 according to official estimates.

The government has repeatedly warned against the expansion of the Asian workforce, mostly from the Indian subcontinent.

Exchange Rates

The following are the Janata Bank's dealing rate (BD Tk for one unit of Foreign Currency) to public as on 09/06/97:

Buying			
	TT	OD Sight	OD Transfer
Clean	Export	Bills	
US Dir	43.5200	43.3522	43.2386
GB Pnd	70.6776	70.3886	70.2040
D Mark	25.1949	25.0919	25.0261
F Franc	7.4660	7.4354	7.4159
J Yen	0.3841	0.3826	0.3816
C Dir	31.2550	31.1272	31.0455
S Franc	30.0139	29.8911	29.8128

Selling		
Name of Currency	T.T. & O.D.	B.C.
US Dollar	43.8120	43.8650
GB Pound	71.6950	71.7766
D Mark	25.6228	25.6519
F Franc	7.5910	7.5996
J Yen	0.3931	0.3936
C Dollar	31.7788	31.8149
Franc	30.5270	30.5617

Janata Bank's selling and buying rates in cash currency for public:		
	Selling	Buying
US Dir	43.8500	43.3500
GBP	70.7000	68.7000
S Riyal	11.8000	11.4000
UAE Dh	11.8500	11.3500
Ku Dinar	143.5000	138.0000

Liberalisation brings no tangible improvement: DCCI chief Threat of political agitation driving away investors

Lack of confidence in political stability is driving both foreign and domestic investors out of the country resulting in a slowdown in industrial growth, says a leading chamber, reports UNB.

"Although there had been only two harts in last one year, threat of political agitation made the investors afraid," Dhaka Chamber of Commerce and Industry (DCCI) President A S M Quasem told journalists yesterday.

Termining political unrest, law and order and political patronage to labour force as impediment to investment, the chamber leader urged a national consensus on these important issues for driving the nation for a better economy.

He stressed concerted effort to create public opinion for a national consensus and said

peaceful constitutional means should be explored for resolving political disputes to nurture investment in the country.

Reading out a prepared statement the DCCI President said growth in industrial sector was only two per cent in July-December 1996, but increased to 5.7 per cent in Jan-April 1997, which he said was quite low compared to a growth of 15 per cent in 1994-95.

Even in 1995-96, the industrial sector grew 8.4 per cent in spite of the political unrest, he told the newsmen at an exchange of views with them.

He said lack of political stability, sound infrastructure and proven record of continuity of fiscal policy resulted in fading out of the confidence of the investors, although the incentive package for the investors is the best.

"Investment — be it domestic or foreign — is an act of faith. An incentive package, however, attractive, will fail to lure investment if we cannot generate this confidence."

He also attributed lack of bank finance and lack of confidence of the sponsors to the downturn in industrial growth.

Giving a brief resume on the economic performance of last one year, on the eve of the budget session, beginning tomorrow, Quasem termed it mixed.

He said during the current fiscal the GDP growth improved slightly, but the fiscal deficit remained high and the external current account deficit widened, resulting in a sharp drop in foreign exchange reserve.

Inflation which was 4.07 per cent at the beginning of the fiscal year dropped to 2.66 per cent

in end-November, but gradually rose to 3.15 per cent by end-March due to good crop harvest.

Export earnings fell short of target by Tk 1279.10 crore in the first nine months of the current fiscal in four major sectors — leather (32.69 per cent), frozen food (19.93), jute goods (16.42) and readymade garments (7.14) — which account for 75 per cent of the total export, he said.

The knitwear sector, however, registered a substantial growth to Tk 2444.14 crore export against the target of 1616.82 crore, up by 51.17 per cent.

In the three quarters of the current fiscal, LCs worth Tk 17344.95 crore were opened which he said was Tk 489.65 crore less than that of the same period of the previous year. Imports of both consumer goods and industrial plants and machinery declined, he said, adding decline in the machinery indicates low investment in the industrial sector.

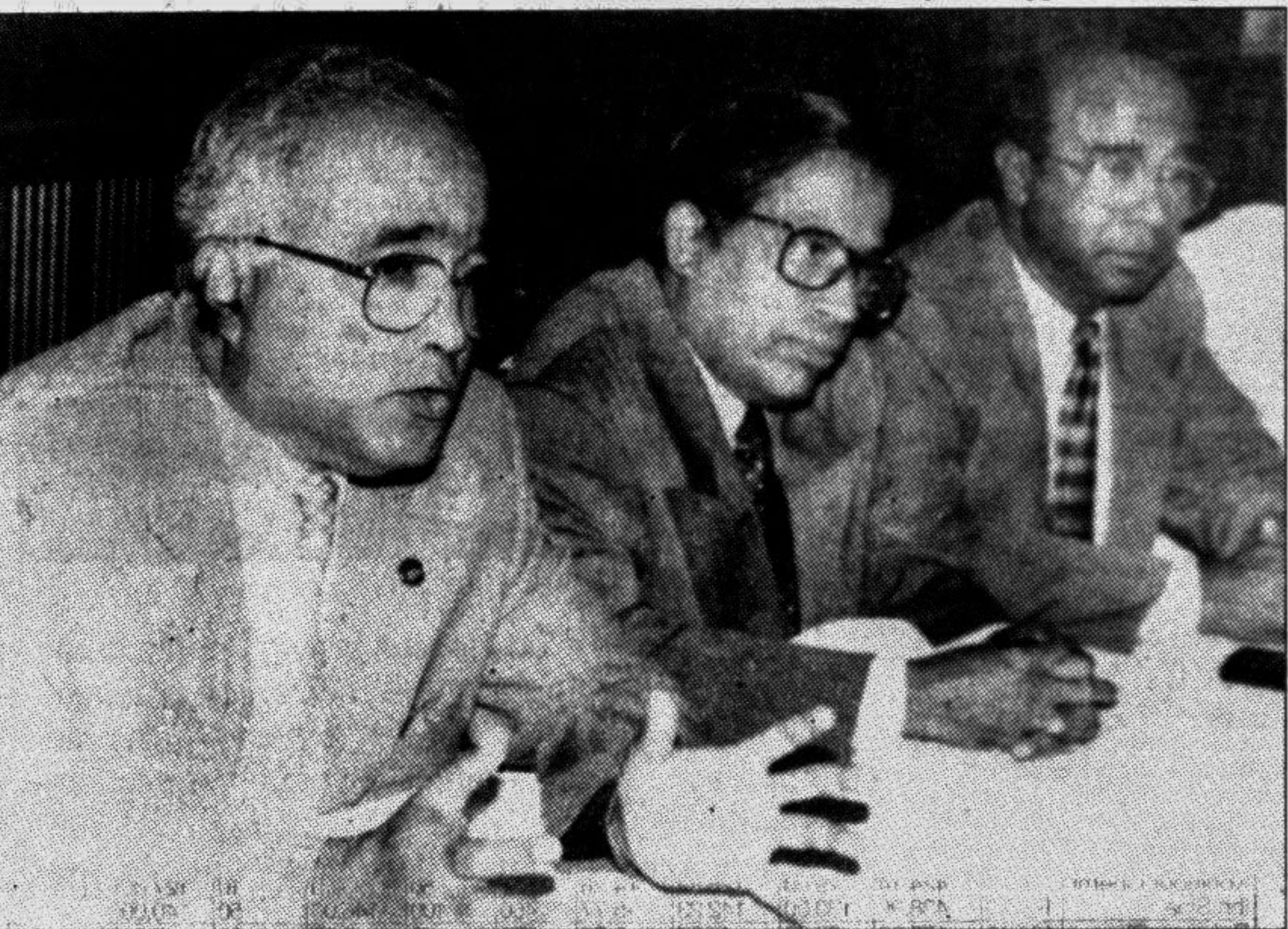
Quasem said liberalisation of our market without obtaining reciprocal concessions from the neighbouring countries resulted in a massive inflow of consumer goods without any tangible improvement in the country's export to those countries.

The DCCI leader said low investment and saving rates are also critical factors for constraining economic growth although in recent years economic reforms and macroeconomic stability have enabled the national savings rate to double from 9.9 per cent of GNP in 1991 to 15.4 per cent in 1996.

Replying to a question, the DCCI president said disinvestment policy and pay and wage commissions are contradictory.

He, however, suggested the government to go for trimming the civil administration to cope with the additional burden for new pay scale, to be implemented from July 1.

Revenue earning can be increased not by imposing any new taxes but only by curtailing unproductive expenditure.



DCCI President A S M Quasem addressing a press conference at the Dhaka Club yesterday. — Star photo

Pre-budget interview with BFFEA chief Govt should broaden tax base, minimise rate

By Govinda Shil and Raifq Hasan

The Secretary General of Bangladesh Frozen Foods Exporters' Association, Dr Aftabuzzaman, has stressed the need for reforms in tax and duty policies.

In a pre-budget interview with The Daily Star, he suggested that the taxation system should be simplified.

The government, he added, should broaden tax base and minimise tax rate.

Aftabuzzaman said the country's present policies should be practiced centring the development of national economy and that the bureaucracy should be pruned.

"Politics should serve economic interests of the nation," he said.

Aftabuzzaman said, Bangladesh has passed a long time but it is yet to make a breakthrough in its economy.

We need more export-oriented industries to achieve a higher growth and the government should formulate facilitatory policies to boost export earnings, he observed.

As our products are agro-based, the government should diversify export items and ensure sustainability of merchandise.

When asked about the lessening of the country's dependence on foreign aid, Aftabuzzaman, a former state minister for fisheries and jute, said the only way out is to increase production and boost exports.

He said Bangladesh should not encourage a huge bureaucracy for such a small country. He suggested 'downsizing' the

government to minimise expenditure.

Aftabuzzaman said Bangladesh's export policy needs correction. In this regard he suggested a complete tax-holiday for cent per cent export industries. He said India's frozen food industries are enjoying this exemption. "We may lose our competitiveness if we are

Answering a question, he said Bangladesh needs a modern armed forces but, "people should know how the money is spent for defence purposes."

He proposed that the most productive sectors should be encouraged and the less productive sectors discouraged.

About privatisation of state-owned enterprises, he said the authorities should sell those ventures to the real entrepreneurs.

Aftabuzzaman said after handing over those projects to the private sector, the government should help buyers get financial assistance in modernising their factories and mills.

About reforms in the financial sector, he said the government is blaming only the private sector loan defaulters. "To me, public sector is also the biggest defaulter."

Criticising some past economic policies, the Secretary General said most of the donor-funded infrastructure-development projects are sometimes politically motivated and fail to serve the goal.

Aftabuzzaman said the country needs development-oriented projects to build it on a firm footing.

Such projects should be prepared after a careful study to the needs and priorities of the country, he opined.

He said the worthwhile economic policies of the previous governments should be continued to reap the maximum benefit.

"We have been earning huge foreign exchange and now we need revitalising the sector,"

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Motia said if the women in the remote areas can sustain the pressure of the high interest rates imposed by some NGOs, it is obviously easy for them to pay back the credits provided by the scheduled banks.

Chaired by entrepreneur Maleka Khan, the inaugural session was also addressed by Sagufa Yasmin, MP, Dr Devaprio Bhattacharya, senior research fellow of BIDS, representative of ZDH, Azizur Rahman and Anul Huq from National Association of Small and Cottage Industries of Bangladesh (NASCIB).

Forty participants from all over the country attended the workshop.

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China makes first submarine for tourists

HAIKOU, June 9: The first China-made sightseeing submarine completed its trial voyage in Sanya, a city on Hainan Island's south coast, reports Xinhua.

China is now one of a few countries that manufacture submarines for sightseeing purposes, according to official sources.

The 43-seat 'Hangu No 1' is 23.5m long, has a displacement of 125 tons and can go to a depth of 50 metres.

The vessel uses materials similar to those used for the fuselage of the Boeing-737 for its passenger section, and carbon dioxide-filters keep the air clean in it.

The under-water tours last for 50 minutes and will open to tourists next month.

Komatsu of Japan to build new plant in India

TOKYO, June 9: Japan's Komatsu Ltd. said Monday it had agreed with Larsen and Toubro Ltd. of India to form a joint venture in November to produce and market construction machinery in India, says AFP.

L and T Komatsu Ltd., would be equally owned by Komatsu and the Indian partner, said the world second largest integrated maker of construction machinery, vying with caterpillar of the United States.

The headquarters of the new venture would be located at Mumbai with initial capital of 3.72 billion yen (33 million dollars), Komatsu said, adding that it planned to hire 1,200 employees.



Senior Vice-President of Federal Insurance Company Ltd, Jamal Hussain Bhuiyan handed over an insurance claim cheque to Asaduzzaman Nur, Deputy Managing Director of Asiatic Marketing Communications Ltd at a simple ceremony in the city recently. The Executive Vice-President of the local office of the company, Kamar Uddin Bhuiyan, Senior Vice President of the Principal Office (F&A) and Company Secretary Abdul Huq FCA were present on the occasion.

BJMA demands nat'l commission to look into jute sector problems

Bangladesh Jute Mills Association (BJMA) has demanded a national commission on jute to undertake in-depth and objective analyses of the crisis faced by the sector, reports BSS.

Speaking at a news conference here yesterday BJMA Chairman AM Zahiruddin Khan said the association would appeal to the Prime Minister to constitute the commission, which is long overdue, to look into the problems faced by the jute sector.

He said the problems in this sector must be assessed by the highest policy makers in an unbiased and true perspective keeping the overall national interest in focus.

BJMA Vice Chairman Kamran T Rahman, former BJMA chairman MA Sattar, Syed Mohsin Ali, and Naimur Rahman also spoke on the occasion.

Zahiruddin Khan, a former industries minister, said, "We are confident that on the basis of the national commissions, recommendations, bold, pragmatic and prompt decisions will bring about a qualitative change in this important socio-economic sector of the nation."

No national jute policy was

formulated to look into the interest of the sector, he said, adding that this industry is in shambles due to this policy vacuum and neglect.

The commission can formulate a draft of the national jute policy for overall guidance in the agro-based sector, said Khan, who is also chairman of AK Khan Group.

The BJMA leaders said jute was always profitable in the pre-liberation era as the then government followed a policy of over-valued currency. But it is not being followed in the recent years and the export-based sector has been facing a severe crisis.

The BJMA leaders complained that jute was neglected by all the governments since independence despite the fact that it is labour intensive, still the largest employer and involved directly or indirectly 30 million people.

Jute and jute goods are still one of the largest net earners of foreign exchange for the country with over Taka 1200 crore per year, they claimed.

They said the severe 'sickness' in the sector has led to an inability to be sufficiently competitive in international

marketing, leading to deteriorating markets for jute goods and losing markets to the foreign competitors, particularly the Indian manufacturers.

To face the on-going crisis in the jute sector, they said, the government should provide at least 20 per cent loss support on export.

They noted that the public sector enterprises are being provided with a minimum of 50 per cent loss support on export in the jute sector and 100 per cent in the garments sector.

They criticised the jute sector adjustment credit (JSAC) programme of the government and said 11 jute mills were closed during the post-JSAC while five mills were closed during the pre-JSAC.

FDI falls in Indonesia

JAKARTA, June 9: The government approved 302 foreign direct investment projects in Indonesia during the first five months of 1997, down 36 per cent from the same period last year, it was reported Monday, says AP.



Mahbub Jamil, President, Foreign Investors' Chamber of Commerce & Industry, speaking at a meeting of the chamber with a delegation of the Federation of Industries of the North Eastern Region (FINER) of India held at the FICCI office in the city yesterday. On his right is H S Kumbhat, President, FINER.

FBCCI, Indian chamber agree to enhance cooperation in trade

The business leaders of both Bangladesh and the north eastern states of India yesterday expressed identical views to enhance cooperation in trade and investment in the region, reports BSS.

They said that the opportunities and potentials of increasing cooperation could be developed on the resource bases of the two countries.

The views were expressed at a meeting between the business leaders of Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) and the visiting members of the delegation from Federation of Industries of North Eastern Region, India (FINER) at the Federation Bhawan in the city.

President of FBCCI Yusuf Abdullah Harun said, "The business community of Bangladesh has started looking at the neighbouring north eastern states of India with great interest as a prospective area to increase cooperation in trade and investment."

Speaking on the occasion leader of the Indian delegation and the President of FINER HS Kumbhat said their visit was aimed at exploring and assessing the trade opportunities between the north eastern region and Bangladesh and also to assessing the feasibility of setting up joint ventures in Bangladesh.

"Opening up of regional trade will help expand production bases in both regions," said the president of FINER, which represents industries, various chambers and industry associations of seven Indian states—Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram,

Nagaland and Tripura.

Yusuf Abdullah Harun said that Bangladesh could provide a large market of 120 million people for many agro and mineral based products of the north eastern region including coal, limestone, horticulture items, ginger, spices, cauliflower, tomato and onion.

It would be cheaper for Bangladesh, he said, to import from the region than other parts of India.

Likewise the north eastern region of India, Harun said, could buy a lot of consumer goods cheaper from Bangladesh than the rest of India. The potential Bangladeshi exports could be poultry, hilsha fish and dry fish, vegetables, cosmetics, toiletries, pharmaceuticals, ceramics, plastic and melamine products, readymade garments, he added.

Harun said the north eastern region has also high potential for generating hydel power.

"Bangladesh has a huge demand for cement and power but lacks the basic resources to produce them," he added.

Harun said the economies of Bangladesh and north eastern region of India could derive immense benefits in terms of employment and income by establishing joint ventures matching the untapped resources of the northern region and the demand in Bangladesh.

Other important areas of joint ventures, he said, could be tourism having summer resorts in north eastern region and

winter resorts in the sea beaches of Bangladesh, agro-processing industries based on oranges, pineapples and poultry.

The FBCCI President said there has been significant changes in the economic and trade policies of both Bangladesh and India towards liberalisation and market economy, putting the private sector in the driving seat of the engine of growth.

HS Kumbhat said the trade gap between India and Bangladesh has been reduced substantially during the past ten months.

He said the trade between Bangladesh and north eastern states of India was the best way to reduce the trade deficit.

Kumbhat said the efforts could be further strengthened by allowing transit facilities to the north eastern and other states and opening up land routes, allowing full-fledged riverine transport facilities and making rail links fully operational.

These transit facilities, he said, are expected to yield an additional net revenue of Taka 400 crore to Bangladesh.

Kumbhat stressed the need for identifying bulk exportable products from Bangladesh and diversifying the trade basket.

The function was also addressed by R Dutta, Principal Secretary of the government of Meghalaya and Kazi Shafigul Islam, Vice President of FBCCI.

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1st Time, 2nd Time and 3rd Time Tender for Hiring of Microbus and Minibus

Notice No - 03/96-97

2nd time and 3rd time tender in some cases and 1st time tender in other cases for hiring of Microbus and Minibus for pickup and drop of Biman officers and staff are invited in sealed envelopes. Detailed information are given in the schedule which will be available up to 23/6/97 for purchase from Cash and