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Seminar on International accounting standard

Govt to go for financial reforms on priority basis: Kibria

Finance Minister Shah A M S Kibria said yesterday that the present government would go for reforms in the financial sector on priority basis to ensure growth and development of the country's economy, reports BSS.

He was speaking as the chief guest at a seminar on "International accounting standard relating to disclosures in the financial statements of banks and similar financial institutions" jointly sponsored by the World Bank Resident Mission in Bangladesh and the Institute of Chartered Accountants of Bangladesh (ICAB) at ICAB Bhaban here.

The finance minister said the healthy growth of economy depends on sound financial sector, adding that reforms in the financial sector would be made on an urgent basis.

Describing the subject mat-

ter of the seminar as part of the whole reform programmes, Kibria said that disclosures in the financial statements of banks and similar financial institutions were essential to ensure transparency, accountability and financial discipline in the country.

Reminding the chartered accountants of their significant role in ensuring transparency in the financial sector, the minister urged them to maintain the quality of accounting as well as their professional standards.

Referring to the imposition of VAT (Value Added Tax) on the members of the profession of chartered accountancy, Kibria said VAT would be extended to other professions gradually.

The Finance Minister expressed hope that the seminar would formulate well-conceived recommendations, assuring the members of ICAB to look into

the suggestions.

Presided over by President of ICAB Anil Chandra Nath, the inaugural function was also addressed by former deputy prime minister and chairman of ICAB seminar committee Jamaluddin Ahmed, acting chief of World Bank Resident Mission Owais Saadat and Vice-President of ICAB, Anisur Rahman.

In his speech Anil Chandra Nath underlined the need for ensuring intensive audit of accounts of the banks to keep the public properly informed and aware of the banks' performance.

He said detailed audit of financial statements would protect the interests of the depositors and help create a strong banking system.

Jamaluddin Ahmed called for ensuring total accountability and transparency in the banking sector for development of the national economy. He

said banking laws and practices are constantly changing throughout the world.

Ahmed suggested to change the laws for the protection of the auditors. He also said that the professional chartered accountants should have protection and freedom.

In his speech Saadat highlighted the importance of timely and accurate financial accounting and disclosure in ensuring the credibility of the banking system.

He said that the aspect of revising the inadequate and misleading rules on accounting and disclosure had become inevitable in view of the globalisation of the financial markets.

Saadat expressed the hope that steps would be taken by which Bangladesh could harmonise its accounting and auditing practices with the international accounting standard.

Exemption of duty on textile machinery demanded

By Staff Correspondent

Two different trade associations have reiterated their demands for complete exemption of import duties on textile machinery and raw cotton which was fixed at 2.5 per cent.

Bangladesh Textile Mills Association Secretary General Enam H Chowdhury in a statement yesterday said due to fresh imposition of 2.5 per cent duty on imported raw cotton and textile machinery, manufacturers would have to pay an additional Tk 18.8 million.

He said the government's on going denationalisation programmes for textile mills might be affected by this extrajudicial duty because these mills need to replace their obsolete machinery.

This 2.5 per cent duty on textile machinery and infrastructure surcharge would discourage the prospective buyers of these weaving and spinning mills.

Quoting the Textile Policy of 1995, he said Bangladesh would need 242 spinning mills, 475 weaving mills and another 475 dyeing finishing mills by the year 2005 to attain self-sufficiency in textiles.

In a separate statement Bangladesh Garment Manufacturers and Exporters Association President Mostafa Golam Quddus said imposition of surcharge and duties would affect the country's textile production.

He said fresh imposition of 2.5 per cent duty and surcharge might hamper the privatisation process of the government's textile enterprises.

Quddus urged the government to withdraw duty, surcharge and VAT from all imported textile machinery and raw cotton to help flourish domestic textile and apparel industries.

US House panel okays aid flow to Palestinians

WASHINGTON, July 10: A House panel voted Wednesday to preserve the annual aid to the United States given to the Palestinians while nonetheless criticising them in a report as undermining the Middle East peace process, reports AP.

The foreign operations bill passed by the House Committee on Appropriations called on Secretary of State Madeleine Albright to submit a detailed report to the panel on the Palestinian Authority's compliance with the 1993 peace accord with Israel.

The Committee wants to register its displeasure with the apparent withdrawal of the Palestinian Authority from the joint security arrangements provided by the Oslo Peace Accords, said a committee report.

The United States pledged in 1993 to provide the government of Palestinian leader Yasser Arafat with 500 million dollars in aid over the next five years. Some 230 million dollars of this sum has been dispensed so far.

The money is earmarked for roads, utilities and other projects on the West Bank and Gaza, areas controlled by the Palestinian Authority.

The House report also claimed the authority was implicated in the harassment of Palestinian Christians, and said it was "disturbed" by reports that senior Palestinian officials intended to pursue the death penalty for Arabs selling land to Jews.

Still, the panel allocated 2.4 billion dollars in fiscal 1998 to an economic aid fund mainly earmarked for Middle East nations, including the Palestinians.

The House bill, adopted by a voice vote, allocated 12.3 billion dollars to foreign operations, export financing and related programmes. The sum is significantly less than a Senate measure which last month approved 16.7 billion dollars for the same purpose. The Clinton administration's original request was for 16.8 billion dollars.

DHL double-digit growth in Germany

DHL Worldwide Express said its Germany business had shown double-digit growth in the first five months of 1997, says a press release.

Rolf Barth, southern Germany managing director, said sales revenue increased 11 per cent and volumes rose about 16 per cent from January-May.

DHL expected German sales revenue of 400 million marks in 1997 and growth in shipments of 18 per cent, he said at the Transport '97 trade fair in Munich.

Half-year figures would show good growth due to the upturn in the German economy, although southern Germany with a 25 per cent increase in consignments was improving much faster than northern Germany, he noted.

It appeared southern-based clients such as Siemens, Daimler-Benz or Hewlett-Packard were still growing while northern German clients, often small firms or forwarders, were only now returning to growth.

DHL planned further investment in information technology this year, earlier delivery and later collection times, and an expansion of its customer service to strengthen its market position, he added.

Tofael addresses investment seminar in Singapore

Dhaka sacrificing financial benefits to lure FDI

SINGAPORE, July 10: Commerce and Industries Minister Tofael Ahmed today said, Bangladesh have taken a challenging task to attract Foreign Direct Investment (FDI) sacrificing most of expected financial benefits and profits from FDI for achieving a target of creating millions of jobs, reports BSS.

He was addressing a seminar on "Investment opportunities in Bangladesh" as the keynote speaker here at Shangri-la Hotel today.

Jointly organised by Singapore Trade Development Board, the day-long seminar was participated by about 200 entrepreneurs and business personnel of various reputed and potential international companies based in Singapore and Singaporean investors.

President of MCCCI Samson H Chowdhury, Dr S Y Farooq member of BOI, Director General of Singapore DTI and Singapore High Commissioner to Bangladesh Ridwan Dzafir, and Bangladesh High Commissioner to Singapore Ashfaqur Rahman, also spoke.

Tofael Ahmed said Bangladesh is friendly, very hospitable and greatly value the foreign investment. Besides, we have a domestic market of 120 million people, he added.

Elaborating various reasons to select Bangladesh as the best venue for FDI, the minister said, Bangladesh has huge inexpensive, easily trainable, hard-working and industrious work-force and management professionals. Trade policy has been liberalised.

With the enactment of private EPZ law, foreign investor are now establishing EPZ. He said, red-tapism and bureaucratic bottlenecks have been removed.

Bangladesh has bilateral agreements for protection and promotion of investment with 15 countries. He said, all foreign investments are guaranteed by law.

Listing out the fiscal incentives offered to the investors,

the minister said, foreign investor will get 5 to 15 years tax holiday depending on location, category and sector.

Corporate tax is 35 per cent which is competitive in this region.

He said, investors are exempted from double taxation on the basis of bilateral agreements for avoidance of double taxation adding, Bangladesh has such agreements with 19 countries including Singapore.

In the non-fiscal incentives, he said, for FDI, 100 per cent foreign equity participation is allowed.

Tofael Ahmed said Bangladesh allows full transfer and repatriation of profit and capital gains. He said, Bangladesh has huge reserve of gas and so many internationally reputed oil companies are now working in exploration of gas and electricity generation.

The minister said, Singaporean investors are relocating their investment in more cost effective locations. He said, many promising Singaporean entrepreneurs are looking for free location and open field for initial success.

He said, "we from Bangladesh have come here to offer you all the best investment location in Asia."

Referring to the privatisation policy, the minister said, Bangladesh adopted a comprehensive privatisation policy to meet national economic goal. He said, "we welcome foreign investors to our privatisation programme as 63 State Owned Enterprises (SOEs) have already in the process of privatisation and another 82 SOEs have been identified for privatisation in the second phase."

Referring to the outward-looking strategy of the government, the minister said, with the breath-taking improvement in our relations with neighbouring, regional and distant countries, the government have been able to forge newer, deeper and wider framework of cooperation with other countries.

He said, Bangladesh is enjoying GSP for export to EU, USA, Canada, Japan and other OECD countries. He said, as LDC we will get duty-free access to developed and developing countries very soon.

Referring to the regional cooperation, the minister said, we have identified 8 areas where we can work together for mutual benefit and development under the agreement of BISD/EC.

He said, through Bangladesh, India, Sri Lanka and Thailand economic cooperation, we will be able to link SAARC with ASEAN. Besides, Bangladesh is a member of developing-8 and trying to be a member of Indian Ocean Rim.

The minister invited the Singaporean investors to come and take a close look at Bangladesh and explore the potentialities and work together as development partner.

After the opening session, the Bangladesh potential investors participated in the seminar exchanged views and prospect of investment in Bangladesh.

A MOU was signed between metropolitan chambers and Singapore confederation of industries for mutual business cooperation.

Indonesian state electricity co to offer bonds

JAKARTA, July 10: The state-owned electric company, PT Perusahaan Listrik Negara, said Wednesday it will offer bonds worth 600 billion rupiah (245 million dollars) to the public next week, reports AP.

Revenue from the bonds, to be issued July 14-16, will be used to finance power distribution and transmission projects in Java.

The bonds will mature August 8, 2007, and dividends will be paid twice a year, starting next January 20.

BA cabin crew members observe 2nd-day strike

LONDON, July 10: Air travellers braced themselves for more disruptions today as British Airways cabin crew began the second day of their strike with no solution in sight, reports Reuters.

As both sides squabbled over the legality of their 72-hour work stoppage, more than 25,000 passengers were left stranded on Wednesday when the airline cancelled half of its flights out of London and up to 30 per cent of the 1,000 flights it operates worldwide each day.

BA's Director of Human Resources Mervyn Walker said the airline hoped to operate 20 per cent more flights today, but a spokesman for the Transport and General Workers Union (T and G) doubted it would make much difference.

"Twenty per cent of very little is not much," Andrew Murray told Reuters.

BA claims that the strike over allowance and overtime and its plans to cut 42 million pounds (71 million dollars) from its operating budget is illegal because of discrepancies in the strike ballot.

It threatened to sue the main cabin crew union for losses.

But the union was equally adamant about its position.

"We have absolute confidence in the legality of our conduct," said Murray, adding that the union was ready to negotiate at any time.

The union said it was prepared to help the airline find the money, but it was not prepared to have new terms and conditions imposed on its members.

Flights reinstated

British Airways has reinstated flights operating from London Heathrow to Delhi, Cal-

cutta and Dhaka as an ever-increasing number of British Airways cabin crew have been reporting for duty, despite industrial action by members of the British Airlines' Stewards and Stewardesses Association (BASSA), says a press release.

The flights which have been reinstated are:

London-Delhi flights July 1, 10 and 11; Delhi-London flight on July 11, 12 and 13; Delhi-Dhaka flight on July 10 and 11; Dhaka-Delhi flight on July 10 and 11; London-Calcutta flight on July 11; and Calcutta-London flight on July 12.

Kevin Steele, British Airways General Manager South Asia, said: "With a large number of crew coming to work, we are able to operate many of our flights to and from India."

"We hope we will soon be able to return our operations to normalcy and have all our customers travel with us despite the industrial action by BASSA."

Dollar lower in Tokyo

TOKYO, July 10: The dollar edged lower against the yen in Tokyo on Thursday, reports UNB.

The dollar slipped after the release of slightly stronger-than-expected data for Japanese machinery orders in May, but the currency quickly got buying support around 112.50 yen.

Many investors avoided making major trades ahead of the Bank of England's policy-making meeting later Thursday. Many players believe the central bank will decide to raise interest rates to thwart inflationary pressure in Britain.

Japan may cut ODA to UNDP by 10 per cent next year

TOKYO, July 10: Foreign Minister Yukihiko Ikeda said Wednesday Japan may cut its official development assistance (ODA) to the United Nations Development Programme (UNDP) by more than 10 per cent next year, reports AFP.

Ikeda made the remark at a meeting with UNDP Administrator James Speth, who is attending an international conference in Nara, western Japan, a foreign ministry official said.

"We may have to reduce our ODA to the programme by more than 10 per cent in the next fiscal year (starting in April 1998) because of strained national budget conditions," Ikeda was quoted by the official as telling Speth.

The administrator told Ikeda that the UNDP hoped that Tokyo would continue providing maximum support for the programme, which is designed to offer technical assistance to developing countries, the official said.

Japan was the largest donor to UNDP in 1996 by providing about 110 million dollars in contributions, accounting for 12.9 per cent of the programme's total reception of contributions.

On Tuesday, the Japanese cabinet confirmed the government's plans to hold down next year's budget by cutting foreign aid, public works and other outlays, officials said.

Under the plans, the outlays for ODA will be slashed 10 per cent or 110 billion yen (965 million dollars) for the year starting April 1998.

Phoenix Leasing declares 5 pc dividend

Phoenix Leasing Co Ltd declared five per cent dividend at its second annual general meeting held at its head office yesterday, says a press release.

Deen Mohammad, Chairman of the company, presided over the meeting which was attended by all directors.

The meeting also disclosed that the company earned a net profit of Taka 34.14 lakh out of which five per cent dividend was declared after keeping required statutory reserve. The meeting also elected M A Quadir Chowdhury as a director of the company.

Prime Bank raises interest rates on deposits

Prime Bank Limited has increased its interest rates on different types of deposits, says a press release.

The interest rates offered by Prime Bank on short term and savings deposit are highest compared to all other commercial banks of the country. The new rates have been made effective from 1st July, 1997.

Type of Deposit Rate of Interest

Short Term Deposit - 6.50%

Savings Deposit - 8.50%

Fixed Deposit - 9.00%

3 Months term - 9.00%

6 Months term - 9.25%

1 Year term - 9.50%

2 Years term - 10.00%

3 Years term and above - 10.50%

Besides, interest rates on different types of loan and advances have also been revised.

BB bill auction results

The 51st auction of the 90-day Treasury Bill, the 42nd auction of the 30-day and 180-day Treasury Bills and the 16th auction of the one-Year Treasury Bill were held Wednesday, reports UNB.

Eighty-four bids for a total of Tk 461 crore, 16 bids for a total of Tk 42.50 crore five bids for a total of Tk 24 crore and five bids for a total of Tk five crore were offered respectively against the 30-day, 90-day, 180-day and one-year Bills.

Of these, all the bids against the 30-day Bill, one bid for Tk five crore of 90-day Bill and four bids for a total of Tk 20 crore of 180-day Bill were accepted. No bid was accepted against the one-year Bill.

The weighted average prices of the accepted bids against 30-day, 90-day and 180-day Bills were Tk 99.28, Tk 97.88 and Tk 95.80 respectively.

The corresponding yields are 8.65 per cent, 8.66 per cent and 8.77 per cent annum, said a press release.

India approves \$300m foreign proposals

NEW DELHI, July 10: India yesterday approved 62 foreign investment proposals worth 300 million dollars with projects ranging from breakfast cereals to power to entertainment, reports AFP.

A government release said the projects were cleared by Industry Minister Murali Manan in New Delhi.

The biggest venture was a 100-million-dollar scheme for the world recreation centre for a club and a recreation facility. The others include an expansion plan by US Cereal Maker Kellogg and another by German firm Henkel Kga.

Hindustan Lever, a local subsidiary of Unilever, was allowed to set up a yeast plant while two power projects and a plan to set up an oil refinery were given the go-ahead.

The release said 6,034 foreign projects were approved since August 1991, the year India launched sweeping market reforms ending more than four decades of socialistic-style protection.



Deen Mohammad, Chairman, Phoenix Leasing Company Limited, presiding over the second annual general meeting of the company for the year 1996. Among those present were M Yunus, Vice Chairman, Major General (retired) Abdul Mannan Siddiqui, Nasiruddin Ahmed, Dr (Prof) Ali Afzal Khan, Rafiqul Islam Khan, MA Majid, SA Mansur Mohammad Shob, Evana Fahmida Mohammad, Directors, and A Quadir Chaudhury, Managing Director.

Major sectors show dismal performance

Export earnings for '96-97 may fall short of target

By Govinda Shil

The export earnings for fiscal 1996-97 are likely to fall short of the Tk 18,396 crore target as the major exporting sectors showed dismal performance, Export Promotion Bureau (EPB) sources said.

The major exporting sectors — ready-made garments, frozen foods, jute and leather — showed a total of Tk 1,573 crore deficit during July-May period of fiscal 1996-97.

However, performance of other sectors like raw jute, knitwear and hosiery products, chemical and engineering products surpassed their targets and helped minimise the overall deficit.

The total export earnings during July-May period stood at Tk 16,811.88 crore against its estimated projection of Tk 18,396 crore showing a Tk 51 crore deficit. EPB statistics showed.

"May be we will not be able to achieve the Tk 18,396 crore export this financial year," said EPB Vice Chairman Faisal Ahmad Chowdhury at though

the four troubled sectors showed some improvement in the last month. He also said the country might experience only one per cent export income deficit which he described as 'marginal short fall'.

The target for the ready-made garments sector was set at Tk 8,855 crore for July-May period but the exporters only fetched Tk 8,295 crore, leaving a short fall of Tk 560 crore. Frozen foods fetched Tk 1,218 crore against its target of Tk 1,617 crore for the same period a deficit of Tk 399 crore.

The export targets for jute and leather were Tk 1,540 crore and Tk 1,058.40 crore respectively. But the real income from these sectors were Tk 1,212 and Tk 732 crore respectively.

"If the country can achieve 99 per cent of its export target, this would be an excellent performance," said Finance Secretary Akbar Ali Khan.

He said the Finance Ministry would consider sincerely any suggestion proposed by the Commerce Ministry for boost-

ing the country's export income.

The EPB Vice Chairman said he was sceptical about the performance of leather and frozen foods during the current 1997-98 fiscal because these two sectors need huge investments for technical and capacity improvement.

Bangladesh Garment Manufacturers and Exporters Association President Mostafa Golam Quddus said past political stalemate, frequent power failure and banks' reluctance to open Letter of Credits (LCs) are responsible for the export shortfall in RMG sector.

He urged the banks to help manufacturers to open new LCs, which would help factories operate and repay the loans.

Bangladesh Finished Leather Exporters Association President Akbar Rahmat Ullah said leather goods manufacturers would hold a meeting with the officials Commerce and Industry ministries on July 14 to pinpoint the problems of the sector.

Major Asia-Pacific stock markets fall

MANILA, July 10: Most major Asia-Pacific stock markets fell Wednesday despite a record high close on Wall Street, with the Philippines leading the drop amid fears about speculators circling its currency, reports AFP.

Philippine share prices plunged 4.1 per cent on concern over the Central Bank of the Philippines ability to defend the peso from speculators.

The Philippine Stock Exchange index fell 109.46 points to 2,589.20, its lowest level since May 22 when the bourse hit 2,586.69 points.

Elsewhere in the Asia Pacific region:

TOKYO: Share prices fell on the Tokyo Stock Exchange on selling by foreign investors and insurers coupled with futures declines, brokers said.

"Foreign investors maintained their sell positions which started last week," a broker with Kokusai Securities Co Ltd said.

The 225-issue Nikkei Stock Average dropped 156.72 points or 0.8 per cent, to end the session at 19,697.17 points.

HONG KONG: Hong Kong share prices dropped 0.6 per cent to late selling pressure on stocks of China-owned enterprises dealers said.

The stock exchange of Hong Kong's Hang Seng Index lost 88.44 points to finish at 14,703.73.

SINGAPORE: Singapore's blue-chip stocks ended 1.2 per cent lower on profit-taking after three days of handsome gains, dealers said.

The stock exchange of Singapore's blue chip indicator, the Straits Times Industrial Index, fell 24.26 points to end at 1,982.97 while the broader All-Singapore Index was down 7.14 points to 494.24.

KUALA LUMPUR: Malaysia's key stock index plunged 2.3 per cent on programmed foreign selling due to concerns over likely changes in the banking sector and other regional crises.

The Kuala Lumpur Stock Exchange 100 share weighted composite index tumbled 24.53 points to 1,933.24 the lesser second board index fell 10.87 points or 1.9 per cent to 541.86.

SYDNEY: Australian share prices gained 0.6 per cent thanks to a slight rebound in the gold sector and the strong performance on Wall Street.

The Australian Stock Exchange's main indicator, the All Ordinaries Index, gained 16.9 points to 2,696.1.

BANGKOK: Thai share prices jumped, 3.5 per cent on reports the central bank would allow selected banks and finance firms a longer period to comply with new debt provisioning rules.

Foreign buyers returned to

buy blue chips, as the extension of the provisioning period improved sentiment ahead of the disclosure of non-performing loans in second quarter company reports, they said.

The Taiwan Stock Exchange weighted price index rose 57.41 points to 9,362.68.

JAKARTA: Jakarta share prices closed 0.4 per cent lower on late profit-taking led by cigarette stocks with investors concerned about volatility in regional currencies, dealers said.

An institutional dealer with a regional brokerage said that "Basically, we are happy with this correction. This is something that we expected following recent strong rallies."

The Jakarta Stock Exchange Composite Index fell 2.