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DHAKA SATURDAY, AUGUST 23, 1997

Jute growers in Gopalganj not getting fair price

From Our Correspondent
GOPALGANJ, Aug 22: Favourable climatic conditions have helped produce bumper jute crop in five thanas of the district this year.

The farmers are not getting fair price of their crop. Jute is selling much below the production cost.

Tosha is selling in different hats and bazars of the district at Tk 200-240 and local variety at Tk 180-200 per maund.

Farmers say some dishonest money-lenders and businessmen are compelling the growers to sell their crops before harvest at a very cheap rate.

There will be no government purchase centre in the district this year.

The growers have urged the government to fix the price of jute and open jute purchasing centres.

China records 'monumental progress' in power industry

BEIJING, Aug 22: China has recorded "monumental progress" in developing its power industry, Electric Power Minister Shi Dazhen said in an interview published by the official Xinhua news agency yesterday, reports AFP.

In power sector China had registered annual growth of eight to nine per cent for five consecutive years, he said.

The minister hailed the establishment of a multi-channel system for financing further construction of power infrastructure, citing plans to adopt new means including bonds, shareholding and loans.

The sector has attracted a total of more than 13 billion dollars in foreign investment for power development, he said, vowing to step up use of overseas capital.

Beijing is experimenting with build-operate-transfer (BOT) agreements as a means of attracting foreign participation in the sector.

China's current installed capacity and annual output 236 million kilowatts and 1.08 trillion kilowatt hours — both rank second in the world, he added.

Robust economy helps shrink US deficit

WASHINGTON, Aug 22: The robust economy helped shrink the US deficit during the first 10 months of fiscal 1997 by nearly two-thirds from the same period a year ago, government figures showed Thursday, reports AP.

With tax receipts running 12 per cent higher than the previous year, the shortfall for the fiscal year ending September 30 appeared on track to become the smallest in nearly a quarter-century.

The Treasury Department said Thursday the deficit so far in the fiscal year ending September 30 totalled 36.7 billion dollars, 64 per cent below the 100.9 billion dollars registered in the October-July period of fiscal 1996.

President Bill Clinton predicted earlier this month the fiscal 1997 deficit would be 37 billion dollars, smallest since a 6.1 billion dollar shortfall in fiscal 1974. The Congressional Budget Office is forecasting an even smaller 34 billion dollar deficit.

Although August is expected to add to the deficit, quarterly tax receipts in September normally produce a budget surplus in the final month of the fiscal year.

Clinton also contends the new tax-cut and budget-balancing laws will permit a 20 billion dollars surplus by 2002, the first black ink since fiscal 1969's 3.2 billion dollars.

The federal deficit hit a record 290.4 billion dollars in fiscal 1992, then slipped to 255 billion dollars in the following year, 203.1 billion dollars in fiscal 1994 and 163.9 billion dollars in fiscal 1995. It dropped to 107.3 billion dollars last year, smallest since 79 billion dollars in fiscal 1981.

But even with the size of the annual deficits going down, each year's red ink adds to the total national debt, the sum of all the annual deficits since the country was founded, plus borrowings from government trust funds.

That debt currently stands at 5.3 trillion dollars.

So far this year, the Treasury received 1.3 trillion dollars in revenues, compared to 1.2 trillion dollars a year ago. Spending has totalled 1.34 trillion dollars, up from 1.3 trillion dollars in 1996. Spending totalled 134.8 billion dollars, compared to 130.7 billion dollars the previous July.

DSE blames SEC for allowing netting settlement system in CSE

Capital market becomes critical

By Rafiq Hasan

The situation in the country's capital market becomes critical following a sharp fall in major indicators of the bourses and a controversy over settlement system.

The Dhaka Stock Exchange authorities blamed the Securities and Exchange Commission for allowing netting settlement system in Chittagong Stock Exchange, the second bourse of the country.

According to them, the volume of trading increased heavily in the CSE due to that system which allows settlement once a week.

The DSE demands a similar system of trading or its removal from CSE. They said as the netting system allows submitting scripts and money after a regular interval on the basis of balance, the brokers of CSE do not need enough fund for share-trading.

Though the system has several disadvantages including high risk during volatile market, the DSE authorities have been arguing that two systems of trading can not exist in one country.

The DSE submitted a written proposal to the SEC on Thursday for introducing netting system in share settlement. But the SEC is yet to give any decision in this regard.

Since the beginning of the week the DSE All Share Price Index continued to fall and went down to 862.05 points, the lowest of this year, on Monday.

The DSE authorities alleged that the netting settlement system in CSE has helped surpass the DSE's daily turnover.

The average volume of transaction in CSE was 6.99 lakh valued at Tk 7.82 crore while it was only 2.23 lakh in DSE worth Tk 4.77 crore.

However, the All Share Price Index and other market indicators of both the bourses experienced a significant decline over the week compared to the previous week's closing-day position.

The DSE price index fell by 54.22 points, going down to 868.55 points from 922.77 points of the previous week while the CSE All Securities Price Index closed at 376.70 points on Thursday from previous week's 400 points, indicating a total of 24-point decline.

The market capitalisation of the DSE lost Tk 435.42 crore when it suffered by Tk 364.14 crore in CSE.

The DSE market capitalisation closed at Tk 7314.21 crore from Tk 7749.63 crore.

Out of 129 traded issues, 79 suffered while only 46 gained and two remained unchanged. Observing a massive fall in most of the issues, the kerb market operators staged agitation programme demanding resignation of the DSE Chairman Abdul Haq Howlader and Finance Minister S A M S Kibria. They also urged the government to take some urgent measures to rescue the plunging market.

The market observers and member of the DSE said the falling trend persisted in the market mainly due to lack of institutional participation.

The DSE authorities have already held discussion meetings with finance minister and high officials of the government's regulatory body, the Securities and Exchange Commission, but there is no sign of any change in the market.

During the meeting the finance minister assured the DSE authorities of accelerating activities of Investment Corporation of Bangladesh (ICB) and other government organisations related with capital market for increasing institutional participation in the market.

The DSE authorities got an appointment with Prime Minister Sheikh Hasina on Tuesday next to apprise her of the overall situation in the share market. Before meeting her they will also hold a board meeting on Monday to finalise agenda.



Three Sri Lankan domestic workers along with 300 of their compatriots, wait at their embassy in Kuwait where they are seeking refuge on Thursday after their employers allegedly beat them. N Srmali (C) claimed she was beaten with bat while P Sandhya (L) said she had been struck on the head and hurled down a staircase. Woman on right is unidentified.

Assetless people generate Tk 60 cr through small savings

BRDB realises 98 pc of loan

Bangladesh Rural Development Board (BRDB) has distributed Taka 232 crore as micro-credit to the assetless men and women during the fiscal 1996-97, a release of the board said yesterday, reports BSS.

The board has recovered Taka 205 crore from the loanes which is 98 per cent of the total recoverable loan, the board said.

Fifteen lakh assetless men and women organised under poverty alleviation programmes have so far generated a capital amounting to Taka 60.25 crore through small savings, the BRDB said.

The board is running a separate project for development of women since 1974. The project titled "Women programme" was assisted by the World Bank and Canadian development agency CIDA up to the year 1995. Considering the positive impact of the programme in the field of health, family planning, primary education, sanitation, child care and women leadership development, the government included this programme in the revenue budget from January 1996.

Under the women development programme 2,15,656 members from 6234 village-based women societies have been organised. Almost all the society members received credit amounting to Tk 85 crore for operating income generation activities (IGA) and some 60 per cent members have been successful in raising their family income, the credit recovery rate is 92 per cent, the board said.

The women members under this programme have generated Taka 12 crore as their own capital through weekly savings.

The board in the current financial year is implementing 16 development projects at a cost of Taka 103 crore, through these projects another five lakh assetless men and women will be organised and credit amounting to Taka 275 crore will be distributed to them, the board said.

The board has trained fifteen lakh assetless men and women in different income generating activities during fiscal 1996-97 which has played a significant role in fulfilling the government objective of poverty alleviation, the release said.

Gujral authorised to hike oil prices

Indian rupee crashes to 18-month low

NEW DELHI, Aug 22: India's ruling coalition on Thursday authorised Prime Minister Inder Kumar Gujral to decide on increasing prices of petroleum products, reports AFP.

The decision was widely seen as a rapprochement between centrist and communist partners in Gujral's multi-party United Front Government, analysts said.

Gujral's communist allies on previous occasions had forced the prime minister to put off the oil price hike saying the controversial step would fuel inflation, currently hovering at 4.5 around per cent year-on-year.

Information Minister Jaipal Reddy said the prime minister was authorised to hike the oil prices during a two-hour leadership meeting of the United Front.

The prime minister and the cabinet should take a final decision on the issue, Reddy, who is also the spokesman of the United Front, said after the ruling coalition ended the meeting of its policy-making steering committee.

The centre-left front, which has delayed the decision for several months, had ended a meeting earlier Thursday without reaching a consensus on the thorny issue.

The ruling coalition has been divided over proposals for a oil price hike since the start of June despite warnings that the deficit on account of fuel subsidies and petroleum imports stood around six billion dollars.

Gujral's government says subsidised prices must be increased to narrow the country's fiscal deficit. He said last month the oil price hike should be brought in "without delay."

The proposed increase, however, has also come under attack from the Congress (I) Party, which keeps the front aloft with its parliamentary support, as well as the opposition Hindu nationalists.

The government currently offers a subsidy of 100 rupees (2.85 dollars) on liquefied petroleum gas bottles for cooking, which are sold at 120 rupees (3.4 dollars) but purchased by the state for 220 rupees (6.28 dollars).

The Indian government pays out an annual petroleum price subsidy of 4.4 billion dollars.

The country is estimated to have about 28 billion tonnes of oil and gas reserves.

BOMBAY, Aug 22: The Indian rupee crashed to an 18-month low against the dollar in the foreign exchange market here yesterday, reports AFP.

But analysts said the fall was a technical correction after a devaluation scare 24 hours earlier.

The Indian currency closed at 36.15 rupees to one dollar, for the previous day's close of 35.93 rupees.

Foreign exchange analyst V Ananthakrishnan told AFP the fall was a "technical correction".

"This was expected as those who bought dollars yesterday at 36.11 rupees to one dollar had to unload their positions at minimum loss."

The Indian currency had plunged one per cent to 36.11 rupees to the dollar on Wednesday after fears it was about to be devalued. The Reserve Bank of India was forced to make a statement denying the rumours, helping the currency to stabilise.

Ananthakrishnan expected the currency to "remain stable at around 36 rupees to one dollar."

Asia-Pacific stock markets close mixed

TOKYO, Aug 22: Asia-Pacific stock markets closed mixed yesterday swayed by factors ranging from Wall Street's fortunes to corporate profit results and foreign exchange trading.

Japanese share prices closed 0.5 per cent lower, pressured by profit-taking among leading electricals and other blue-chip issues in lacklustre trading, brokers said.

Gain at the outset was undercut by quick selling, with the same pattern emerging, again mid-way through the afternoon session after earlier declines were recouped, they said.

"Investors' selling target today was consumer electricals," a Tokyo Securities Co. Ltd. broker said.

"Among constructions, leaders such as Obayashi, Kajima and Shimizu were higher but mid-and small-sized constructions remained weak," reflecting investor concerns for smaller construction companies, the broker said.

The key Nikkei index of 225 selected issues on the Tokyo stock exchange dropped 95.11 points to end the session at 19,157.12 while the broader Topix index of all first section issues edged down 2.97 points to 1,480.11.

Elsewhere in the Asia-Pacific region:

BOMBAY: Share prices were down 1.92 per cent on the Bombay Stock Exchange (BSE) Thursday amid fears of the national currency's devaluation against the dollar.

The 30-share BSE index lost 78.47 points to close at 4,156.16 points on Thursday.

Dealers said share prices, which rose in early trade, fell as foreign investors stayed away after the rupee dropped to an 18-month low against the dollar in the foreign exchange market here Thursday.

The rupee closed at 36.15-36.30 rupees to the dollar.

A dealer said: "Investors are now waiting for the rupee to stabilise at a new low before committing themselves."

Analyst Anupam Shah at a domestic brokerage said: "Foreign investors are on the sidelines awaiting a further devaluation of the rupee. So they do not want to make any major purchases now."

Shah said the market had been also expecting New Delhi to announce a petroleum price hike on Thursday, but "was disappointed when the increase was put off by Prime Minister Inder Kumar Gujral's government."

Reliance Industries lost 5.25 rupees at 359.75 rupees, MTNL was down six rupees at 265.50 rupees, Tata Steel shed 8.50 rupees at 196.75 rupees and Tata Engineering was down 5.50 rupees to close at 360.75 rupees.

Hindustan Lever lost 34.75 rupees at 1,407 rupees, Glaxo dropped 7.25 rupees at 425 rupees, Procter Gamble India was down 25.50 rupees at 915.25 rupees, Tata Power shed 0.50 rupees at 134 and Tata Hydro remained unchanged at 88 rupees.

HONG KONG: Hong Kong share prices dropped 1.3 per cent on late profit-taking by overseas investors due to concerns that the US market may fall, dealers said.

"There is no bad news on the market, but some foreign institutional buyers took profits after seeing the market has gained excessively in the morning session," said Eugene Law, Research Head of Lippo Securities.

The Stock Exchange of Hong Kong's key Hang Seng Index shed 201.64 points to close at 15,654.03.

SYDNEY: Australian stocks rose 0.7 per cent, helped up by strong gains on Wall Street and a raft of generally strong profit results at home.

The third straight rise on Wall Street overnight caught up on that hard hit it copped late last week and I believe it built a bit of confidence towards a market (here) which was uncertain earlier in the week," Shaw Stockbroking's Jamie Spirerli said.

The Australian stock exchange's main indicator, the all ordinaries index, gained 18 points to 2,648.7.

SINGAPORE: Singapore blue-chip share prices ended just 0.1 per cent higher as a rally sparked by strong July trade growth fizzled out amid mild profit-taking.

"There was some foreign buying this morning but the sellers subsequently came on," said a dealer with a local brokerage.

"It was just a very normal trading day, nothing special."

The Straits Times industrial index of leading shares on the Stock Exchange of Singapore, which jumped 1.3 per cent the previous day on the release of strong July export numbers, rose 2.65 points to 1,948.57.

KUALA LUMPUR: Malaysia's key stock index closed 2.2 per cent lower on profit-taking and a sell-down on top bank Maybank following a downward revision to its outlook.

"The downward revision for Maybank has created ripples in the stock market because it is tantamount to a downgrade on the entire economy," an analyst said.

The Kuala Lumpur Stock Exchange 100-share weighted composite index tumbled 20.33 points to close at 909.24. The lesser second board index fell 5.02 points, or 1.1 per cent, to 469.67.

TAIPEI: Taipei share prices rose 1.7 per cent as investors expected government support for the market after premier Lien Chan and his cabinet officials resigned en masse, brokers said.

"Investors increased share-holdings on expectations that government — and the ruling Kuomintang-run funds might step in to jack up share prices" due to the resignations, said Nicole Rau of Dresdner Thomson Securities Investment Advisory Co. Ltd.

The Taiwan stock exchange weighted price index increased 169.97 points to 10,025.13.

BANGKOK: Thai share prices closed 0.6 per cent lower as investors took profits on blue-chips after the International Monetary Fund approved an economic rescue package, dealers said.

A Bara Finance and Securities dealer said most investors lacked patience and were awaiting fundamental improvements in the market.

"Selling is expected to continue in blue-chips tomorrow," the dealer said.

The Stock Exchange of Thailand index of leading shares rallied in early trade but closed down 3.37 points at 583.04 points, off a trading high of 597.90. The selected set 50 index was down 0.33 point at 43.43.

JAKARTA: Share prices in Jakarta rose 1.7 per cent following an early rally inspired by a slight recovery on the rupiah, dealers said.

"The market reacted very positively on the back of the strengthening rupiah," a dealer with a regional brokerage said.

The Jakarta stock exchange composite index closed 9.889 points firmer at 603.06.

MANILA: Philippine share prices surged 2.1 per cent as foreign brokerage houses, led by Merrill Lynch, snapped up selected blue-chips.

"Merrill Lynch is obviously accumulating shares. This is the best time to do that, while the market is weak," said Belson Prime Securities analyst Ricki Lozari.

The Philippine stock exchange index gained 50.98 points to close at 2,459.04.

WELLINGTON: Share prices on the New Zealand Stock Exchange (NZSE) rose 0.6 per cent as market sentiment was lifted by a sharp rally on Wall Street and good corporate profit results.

"The Dow Jones set the tone for the day's trade," said Wayne Schuler at Cavill White Securities, adding that positive fletcher challenge results the previous day also helped the market.

The benchmark NZSE-40 capital index closed up 14.06 points at 2,516.85.

SEOUL: Share prices slid 0.9 per cent on the Korea Stock Exchange on rumours that one of South Korea's largest confectionary giants, Haitai Group, was in financial trouble, dealers said.

"The market at the moment is very unstable, and rumours that another group, Haitai, was in financial trouble further dampened the market," said a dealer at Hanjin Investment and Securities.

A spokesman for Haitai group denied the rumours. "They are groundless. Operations are normal and we are not in trouble," he said.

The composite index closed down 6.76 points at 739.47.

SHANGHAI: Shanghai's B-shares, nominally reserved for foreign investors, closed 4.0 per cent higher, on good turnover with buying support seen from overseas investors.

"The market was optimistic, talking about Vice Premier Zhu Rongji's comments in a Hong Kong newspaper. Zhu expressed support for the development of the stock market, especially blue-chip stocks," a local dealer said.



A get-together of Navana Limited/Goodyear representative and dealers of Goodyear Tyres was held at a city hotel on Thursday.

Govt planning to relocate tannery units in phases

The government has been contemplating both short and long-term programmes for pollution management of tanneries at Hazaribagh in the city reports BSS.

Under the short-term programme, the wet-blue processing units, responsible for 80 per cent of the pollution, would be relocated either to Savar or to a convenient place beside Dhaka-Chittagong highway.

The long-term programme will include building of necessary physical infrastructures, construction of roads, setting up of modern waste disposal system in the new selected area and gradual shifting of all tanneries from Hazaribagh.

The plan was revealed at a discussion on "Towards sustainable development: Waste management of Hazaribagh," organised by the World Conservation Union.

It was chaired by Director General of Environment Directorate Sayid Mubarrat Hussain. Government officials, environmental experts, NGO representatives of Bangladesh Tanneries Association, Bangladesh Tanneries Workers Union, Bangladesh Environment Lawyers Association and Forum of Environment Journalists participated in the discussion.

The meeting was told that an international techno-economic study team would visit Bangladesh next month for pollution control and treatment of tannery effluents at Hazaribagh.

The World Conservation Union will provide 1,401,000 US dollars under its regional programme for pollution control in tanneries in South Asia.

The participants dwell on the dangerous aspect of unscientific disposal of tannery waste which has been posing serious health hazards to a vast number of people in Hazaribagh, Jigatola, Lalbagh, Nawabganj, Pikhana areas and southern parts of Dhanmondi Residential Area.

They observed that the entire tannery industry would have to be relocated with the provisions of modern waste disposal systems.

President of Bangladesh Tannery Workers Association said 60 per cent of 12,000 workers have already been attacked by dangerous diseases like tuberculosis. There are about 200 tannery units in Hazaribagh area.

The experts suggested involvement of political parties, civil societies and all concerned for finalisation and implementation of environment programmes integrating tannery waste disposal and treatment plant.

The Director General of Environment Directorate said the government is determined to find out a solution to the long-standing problems of tannery industries.

Dollar falls against yen

TOKYO, Aug 22: The dollar fell against the yen on Friday, reports AP.

The dollar cost 117.28 yen in early morning, down 0.44 yen from late Thursday in Tokyo but slightly above its late New York rate of 117.20 yen overnight.

The dollar recouped losses from earlier in the day.

US tobacco co vows to halt production if smoking causes lung cancer

MIAMI, Aug 22: The head of the world's largest cigarette maker, Philip Morris Inc., vowed his company would halt production if given proof smoking causes cancer, a lawyer said Thursday, reports AFP.

In a deposition videotaped earlier Thursday, Geoffrey Bible, Chairman and CEO of Philip Morris, also admitted that his company used advertising to entice young people to smoke, said lawyer Ron Motley.

Motley, who videotaped Bible's deposition himself earlier Thursday in west palm beach, Florida, described the tobacco executive's testimony as "remarkable" and unprecedented.

"There certainly is the first tobacco executive to say anything like this," Motley told AFP by telephone.

"He said that if his scientific staff told him they believed cigarettes caused lung cancer he would close the factory down," Motley quoted Bible as saying in the deposition.

Emirates gets loan to finance a new Boeing 777

DUBAI, Aug 22: Emirates Airlines of Dubai announced yesterday it has received a 115 million dollar loan to finance the purchase of Boeing 777, the fourth of nine such planes it has ordered since 1993, reports AFP.

The funding was provided by a consortium of six banks, led by the Hong Kong-based British Bank, Societe Generale of France and the National Bank of Dubai. Emirates said in a press release.

Emirates announced a week earlier that it will buy two new B777s on top of seven others ordered in 1993, in response to strong market demand.

The last of the first batch of B777s will be delivered next month while the two latest orders will arrive next year.