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CHT Dev Board formulates upland settlement project

CHITTAGONG, Sept 17: Chittagong Hill Tracts Development Board (CHTDB) has completed the formulation of a seven-year upland settlement project with an estimated cost of Taka 180 crore to rehabilitate some 6,000 landless tribal and non-tribal families of Chittagong Hill Tracts during the years 2000-2007.

Officials of the CHTDB told BSS that the project initiated by the present government and aimed at increasing the income of the landless families and their living conditions through increased crop production and related economic activities is the most ambitious one formulated by Chittagong Hill Tracts Development Board since its inception in 1976.

As part of the project, awaiting final approval, each of 6,000 landless families of the three hill districts will be provided with four acres of land for rubber plantation and two acres for horticulture, the officials said, adding that each family only from rubber plantation will be able to earn on an average Taka 75,000 annually which is almost equivalent to the per capita income of a middle class family of the country.

A Taka 29.72 crore project has already been finalised to rehabilitate some 1,500 destitute women and their families in three hill districts. Work on the project will begin in December next, the officials added.

Treasury bills auctioned

The 61st auction of the 90-day Treasury Bill, the 52nd auction of the 30-Day and 180-Day Treasury Bills and the 26th auction of the One-Year Treasury Bill were held yesterday, reports UNB.

Fifty-one bids for a total of Tk 594.50 crore, nine bids for a total of Tk 63.50 crore and one bid for Tk 0.50 crore were offered respectively against the 30-Day, 90-Day and One-Year bills, said a Bangladesh Bank press release.

Indian govt ends Internet monopoly

NEW DELHI, Sept 17: The government Tuesday threw open Internet to private service providers, ending state monopoly, reports AP.

Until now, people had access to web site through a state-owned company that charged 15,000 rupees (420 dollars) for 500 hours or one year.

Nearly 30,000 people across India subscribe to Internet, half of them in the Indian capital alone, an official said.

"Any one wishing to subscribe to Internet would now be able to do so within two weeks through service providers in addition to state-owned Videsh Sanchar Nigam Ltd", said a government spokesman.

The spokesman said the government decision would greatly benefit the software industry.

SIRIUS presents details of STRIP

Star Business Report

SIRIUS Marketing & Social Research Ltd, a local marketing research company in private sector, presented details of the first continuous television ratings study set up in Bangladesh Tuesday.

The system, known as SIRIUS Television Rating Indicator Points (STRIP), collects data from a panel of TV viewers in Dhaka, says a press release.

Such systems for providing continuous information about the extent of viewing of TV programmes on different channels are common in many parts of the world. The availability of such information will provide a major boost to advertising and media companies in Bangladesh which will be able for the first time to plan and evaluate advertising firms in a systematic way. The increasing number of homes who have access to cable television makes it even more important to accurately monitor TV viewership patterns.

SIRIUS is an associate company of IMRB, the leading marketing research company in South Asia. Shami Imam, Managing Director of SIRIUS, said that they were proud to introduce the latest media research techniques to Bangladesh and to be able to share the advanced state of research technology available from IMRB in India.

SIRIUS, he said, has already developed several parts of a comprehensible media research system which will provide a full package of services for media planners, advertisers and media providers. These would include, in addition to STRIP, other value added services including computer software for further analysis of media data, research on readership of publications and studies on the impact of development related communications.

SIRIUS has already brought out a landmark report, the SIRIUS Media Survey (SMS) which provides comprehensive analysis of newspaper and magazine readership.

EU alleges Bangladesh uses imported fry

Another threat to fish exports

By Govinda Shil

The European Union has threatened to withdraw duty facilities for Bangladeshi shrimp exports under the Generalised System of Preference or GSP, if Dhaka fails to prove that shrimp fry is not imported.

The facility goes to developing countries like Bangladesh, which produce shrimp fry or catch it from sea, and grow it up for exports to the 15 EU countries.

Although the threat has no meaning now because of an already-imposed temporary ban by the EU, but the exporters fear the GSP may be withdrawn after the ban is lifted after November 30, if the government does not ensure baby shrimp is hatched locally.

EU suspects Bangladesh imports shrimp fries and then exports to different EU destinations when they mature.

Way back in March this year, Brussels had written to the Export Promotion Bureau saying "in our opinion shrimps and prawns obtained from imported larvae do not fulfill the origin requirements of the GSP origin scheme."

But a government response has not come, according to worried exporters.

Bangladesh Frozen Foods Exporters Association secretary general Dr. Aftabuzzaman acknowledged Bangladesh imported some shrimp fries in 1994 and 1995, which might have spread 'white spot' disease to the shrimp farms.

"We stopped importing fry after the deadly disease damaged us severely," Aftabuzzaman said.

He said he had written to the fisheries ministry back in April, asking for a ban on import of shrimp fry, and then clarify the situation to the EU authorities.

"I wrote many letters urging the government to officially ban shrimp fry, but the bureaucrats did not bother about it," he said.

A high-level meeting on August 7 decided to ban import of shrimp fry, but a formal notification has not been made by the fisheries ministry as yet.

An official of the ministry however told the Daily Star that an order would be issued "in a day or two".

Delux coach services for tourists under joint operation of Bangladesh Parjatan Corporation and Nitol Motors Ltd, a private firm, was formally inaugurated yesterday in the city by State Minister for Planning, Civil Aviation and Tourism, Dr Mohiuddin Khan Alamgir. — Star photo by Amran Hossain

Gold deposited with BB

The deputy commissioner of Customs at Zia International Airport deposited 11198.900 gram pure gold with the Bangladesh Bank in August last, reports UNB.

According to international market price, the value of the deposited gold stands at Tk 51,42,199.47, said a Bangladesh Bank press release yesterday.

Jute being rotten in Rajshahi

RAJSHAHI, Sept 17: Huge quantity of jute kept under water for processing are being rotten in the district as the growers lost their interest to process the product due to lack on fair prices, reports UNB.

Jute is now being sold between Tk 180 and Tk 235 in different hats which is much below the production cost. Besides, many growers are selling their product to the *fariahs* on credit.

"We are frustrated and lost interest to process the jute as the price has come down abnormally in the market in the absence of buyers," Abdur Rahman, a jute grower of Durgapur thana said with grief.

A section of unscrupulous traders and *fariahs* taking advantage of the situation are buying jute from the growers at throw away prices.

Poor growers of the district urged the authorities concerned to look into the matter and take steps to ensure fair prices of jute without further delay.

Sugar production target fixed at 145060 tons

Bangladesh Sugar and Food Industries Corporation (BSFIC) has set a target of producing one lakh 45 thousand and 60 tons of sugar during the coming 1997-98 sugarcane crushing season, reports UNB.

This was disclosed at a preview meeting of general managers of 15 sugar mills held at BSFIC head office yesterday with BSFIC chairman A K Munshi in the chair.

About 18.40 lakh tons of sugarcane are expected to be available for crushing by the mills, according to a preliminary estimate of BSFIC.

Meanwhile, another 12 thousand tons of sugar being imported by BSFIC will arrive at Chittagong on 2nd October, said a BSFIC press release.

M Aktar Ali, Secretary of the Ministry of Industries, was the chief guest at the meeting which was also attended by Habib Abu Ibrahim, Dr M Shajahan, A S Salauddin Ahmed, M S Islam and Obaidul Islam Chowdhury.

S Asia promises to be major player in global trade in 25 yrs

Reform, reduce tariff: WB

South Asia is poised to become a major force in the global trading system in the next 25 years, according to a new report released in Hong Kong yesterday by the World Bank.

The report, *South Asia's Integration into the World Economy*, predicts that the region, buoyed by India, can experience the world's fastest growth in exports in the period leading up to 2020.

For South Asia, currently the region least integrated into the global economy, faster integration holds the promise of higher growth rates and the large-scale eradication of poverty.

But this will depend on whether South Asian countries can continue to enact broad-based reforms, improve governance, and further liberalise trade. With these changes, the report's export growth models suggest a high increase in export volumes between 1992 and 2005, including almost 12 per cent a year growth in India — potentially the world's highest rate.

"The message of the report is essentially: so far so good," says John Williamson, World Bank Chief Economist, South Asia Region, *"but the study also makes it clear that South Asia still has a long way to go."*

Exports have responded to new opportunities, regional economies are opening up, direct investment inflows are increasing. Average nominal protection rates are now around 20-25 per cent, half of what they were five years ago. Real exports grew at 11 per cent a year in the 1990s, faster than in any other region except East Asia.

Despite these gains, South Asia continues to have the highest tariffs in the world and more quantitative restrictions on trade than most other regions.

Some sectors, such as agriculture and consumer goods in India, have remained largely unaffected by liberalisation.

Per capita exports are five times lower than in other developing countries, and South Asia's share in world trade is just 1 per cent, compared with 4 per cent for China. Intra-regional trade is still minuscule, accounting for 4 per cent of total trade.

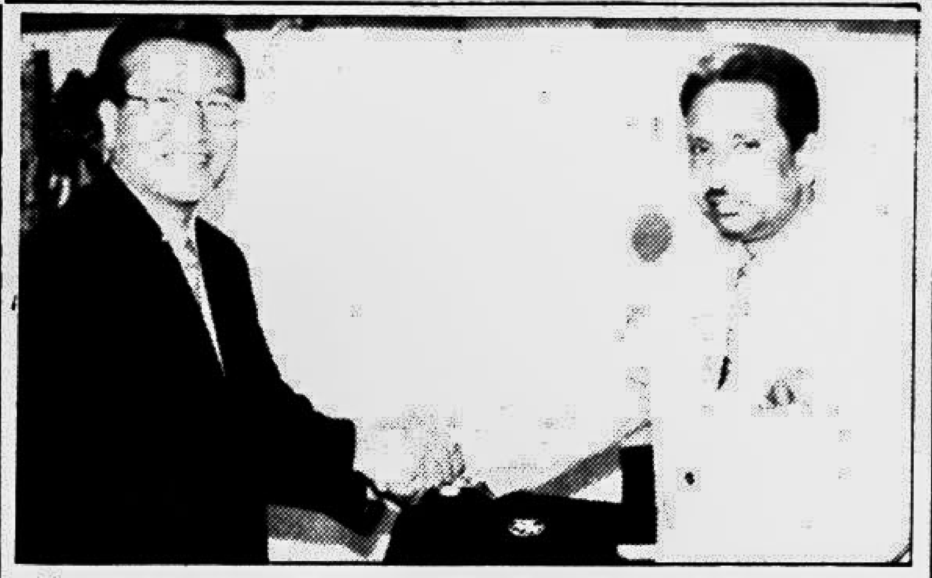
South Asia's inflows of investment capital also remain modest compared to other regions. Private capital flows to South Asia increased sharply in the 1990s, but by 1996 its share of net private flows to developing countries was 4.3 per cent, down from 7.6 per cent in the 1980s.

Foreign direct investment was about 0.5 per cent of the region's GNP in 1996, compared with 4.2 per cent for East Asia and 1.9 per cent for other developing regions. South Asia also remains vulnerable to external shocks, due to its strong concentration of exports in cotton textiles and garments, heavy reliance on imported energy (particularly for India and Pakistan), high levels of external indebtedness, and the high share of volatile portfolio flows in foreign financing.

South Asia remains the region with the highest incidence of poverty and the largest absolute numbers of poor. Sustained progress in poverty reduction critically depends on faster growth, which has been shown to be strongly and positively influenced by integration with the world economy.

The report argues that South Asia is now well placed to accelerate integration and growth. The combination of a favourable external environment, the implementation of the Uruguay Round, the abolition of the Multi-fibre Arrangement and increased regional cooperation is potentially formidable and should result in faster growth.

— *WB press release.*



Sharif M Afzal Hossain (R), President of Bangladesh Chamber of Industries, receiving a certificate from Dr Byung-Doo Sohn (L), Executive Deputy Chairman of the Federation of Korean Industries, on the 9th International Management Exchange (IMEX) Programme held in Seoul recently.

CSE move to bring non-residents into business

Star Business Report

A five-member high-profile team of Chittagong Stock Exchange (CSE) will visit the UK and the US later this month to give seminars in a bid to woo non-resident Bangladeshis (NRB) into business back home.

CSE officials said the delegation will conduct seminars in collaboration with Bangladesh diplomatic missions, and cover at least five major cities where Bangladeshis have large concentration.

They said the move was also aimed towards launching of an "effective channel" between businesses in Bangladesh and the resource-rich non-residents.

The team led by president Amir Khosru M Chowdhury will hold a seminar in London on September 25, in Birmingham September 26, New Jersey September 27, New York Sept 28 and Washington on Sept 30, they said.

"Our objective is to apprise the NRBs of the current situation of the stock market in Bangladesh and to learn from their experince in order to improve it to an international standard", Chowdhury said.

"While the neighbouring countries are fast progressing with very active support of its non-resident citizens, we are yet to create an effective channel between Bangladesh stock market and NRBs", he said, explaining the CSE target.

The delegation includes vice president Salman Ispahani, director Syed Mahmudul Huq, member M Aktaruzaman, chief executive officer AGM Shamsul Kamal and Sylhet Chamber President A Mumin.

Mutual funds to boost share bazaar: SEC chief

Star Business Report

The Securities and Exchange Commission (SEC) yesterday conducted a workshop on Mutual Fund Establishment and Management to encourage the securities market players in launching Mutual Funds in private sector, says a press release by the SEC.

SEC Chairman M A Syed inaugurated the workshop while its working session was conducted by Dr. A K M Sahabub Alam, a member of the commission.

In his opening remark the SEC chairman explained the role of mutual funds for the stock market development and hoped that they would be operational by this year. High officials from commercial banks, insurance companies, securities firms, foreign assets management companies and academicians participated in the workshop.

Indian tea industry charged with paying terrorists

GUWAHATI (India), Sept 17: India's multi-million-dollar tea industry was in panic yesterday over police allegations that it was paying protection money to separatist guerillas, reports AFP.

Police said they were broadening their investigations following the arrest of an executive from India's leading tea company Tata Tea.

They said other firms could be involved in paying millions of dollars to separatists in the north east of the country.

Nitin Baruah, Secretary General of the Tea Association of India, told AFP: "It is indeed shocking.

"If any of the tea firms are paying money to militants, the law should take its own course."

On Monday S S Dogra, General Manager of Tata Tea, one of the world's largest tea companies and part of India's top private business group, was arrested here in the capital of Assam — India's "tea garden" — on charges of paying money to the outlawed United Liberation Front of Assam (ULFA).

Police said the company had paid for a ULFA leader's pregnant wife to receive hospital treatment in Bombay.

Assam Inspector General of Police N Ramachandran added: "We have arrested Dogra to send a loud and clear message that all those aiding and abetting the underground will not be spared, no matter how big they are."

He said Dogra knew the firm's money was being given to ULFA, but "he will fully refrained from informing the police."

Tata Tea has said it did not give money knowingly to ULFA, but conceded that the organisation might have benefited from one of the company's medical schemes meant for the people of Assam.

British Secretary of State for International Development Clare Short visited various sections of Topaj Garments Ltd at Tejgaon in the city.

ICC Board talks global free trade in 21st century

Star Business Report

The International Chamber of Commerce (ICC) has called upon governments to provide policy support to pave the way for free flow of transboundary trade and investment at a recent meeting of the Executive Board held in Paris, a press release issued by its Dhaka office said.

The Board discussed "strengths and weaknesses" of various ICC Commissions including their priority work programmes as well as their capability to be responsive to the needs of the international business community for transition to the global free trade in the coming century.

The ICC Board also discussed issues relating to finance and future ICC congress and conferences, matters relating to approval of ICC policy statement on trademarks and the internet, taxes on international aviation, competion of law and policy of air transport, tax issues on electronic commerce, cross-border reorganisation, climate change, Basel Convention on transboundary movement of hazardous wastes, customs modernisation.

Mahbubur Rahman, President of the Bangladesh chapter who also sits on the Board, raised during his talks with ICC officials issues related to Bangladesh export trade including current problems of GSP on knitwear and shrimp export to EU and the position of Bangladesh government and the business community.

Rahman sought ICC help for the Geneva meeting in October on "LDCs' Need Assesment" in persuance of Singapore Declaration of WTO ministerial conference.

He informed the ICC Secretary General of the positive response of Dhaka to the introduction of ATA Carnet System (Temporary Duty Free Import and Export) in Bangladesh. He also discussed issues and actions by industrialised countries having adverse impact on Bangladesh trade and industry.

British minister visits Topaj, Ocean Garments

Star Business Report

British Secretary of State for International Development, Clare Short, visited Topaj Garments Ltd in the city on Tuesday.

She went around different sections of the garments factory located at Tejgaon industrial area, said a press release.

The British minister also visited Ocean Garments Factory where she talked to the workers on their working conditions, another press release said.

She also inquired into the health and safety awareness campaign among the workers by the Marie Stops Clinic Society, a local NGO funded by the ODA, and expressed her satisfaction with the impact of the campaign.

The British minister also discussed various aspects of garment export from Bangladesh to the UK with the Chairman and the Managing Director of Ocean Garments Shafiqur Rahman and Lutfa Rahman respectively.

The factory has been set up by expatriate Bangladeshis and the British minister hoped that Bangladeshis living in the UK will also undertake similar export oriented ventures in Bangladesh.

Exchange Rates

The following are the **Sonali Bank**'s dealing rates (BD Tk for one unit of Foreign Currency) to public as on 17th Sept '97.

Buying

	TT Clean	OD Sight Export Bills	OD Transfer
US Dlr	44.4200	44.2545	44.1580
GB Pound	70.4691	70.2066	70.0535
D Mark	24.9833	24.8902	24.8359
F Franc	7.4388	7.4111	7.3950
C.Dlr	31.8566	31.7379	31.6687
S Franc	30.4708	30.3573	30.2911
JP Yen	0.3644	0.3630	0.3622

Selling

Name of Currency	T.T.& O.D.	B.C.
US Dollar	44.7105	44.7505
GB Pound	71.4870	71.5510
D.Mark	25.4037	25.4264
F. Franc	7.5640	7.5708
C.Dollar	32.3989	32.4279
S Franc	30.9997	31.0274
JP. Yen	0.3743	0.3747

A) TT (DOC) US Dollar Spot Buying Tk. 44.3372

B) Usance Rate

30 Days	60 Days	90 Days	120 Days	180 Days
43.9635	43.5933	43.2231	42.8530	42.1128

C) US Dollar sight export bill 3 months forward purchase: Same as OD sight export Bill buying rate.

Indicative Rate

Currency	Selling	Buying
Saudi Riyal	11.9212	11.7736
UAE Dl	12.1734	12.0223
KUW Dl	146.9532	145.0181
D Guilder	22.4563	22.1677
S Krona	5.8631	5.7868
Malay Ringgit	14.8293	14.6364
Sing Dollar	29.4516	29.0685

Will the new settlement system clear the cloud?

By Mohib Rashid

A young business graduate says introduction of the netting system without automation will create scope for manipulation

In recent days, there has been a lot of talk about the system of settlement in stock exchanges. A new clearing and settlement system namely "Fixed Accounting Settlement Procedure" (FASP) for traded securities is likely to be introduced to the country's two stock exchanges. It was interesting to observe that the Dhaka Stock Exchange (DSE) authority at first blamed the Securities and Exchange Commission (SEC) for allowing netting settlement system to the Chittagong Stock Exchange (CSE). This system is being followed by the CSE since its inception, which allows the members of the stock exchange to submit the scrips and money to settle the deals after a regular interval of one week.

DSE blamed that the volume of trading increased heavily in the CSE because the netting system allows settlement once a week. They pointed out the danger of this system in a volatile market and argued two systems of settlement cannot exist in a country. This was understood, since the netting settlement opens scope for violating Securities and Exchange Ordinance (1969) 17(e) (iii),(iv),(v) regarding prohibition of fraudulent acts. But when DSE insisted on allowing them to follow the same so-called danger system, eyebrows are raised naturally.

Things moved dramatically concerning controversy over netting system. On Aug 19, DSE members insisted the SEC chief on implementing a uniform settlement system in accordance with the present rules and regulations of the Commission. The day before, they also met the Finance Minister for the same purpose. It was learned that the DSE members were even ready to ignore SEC, the watchdog of the capital market. They argued that SEC approved the netting system in CSE and why the DSE would not get that facility.

Next, the DSE council called on Prime Minister and complained her about the non-cooperation of the SEC and for bureaucratic red-tapism that delayed the activities to ensure transparency in the country's capital market.

General investors were truly moved by the concern of DSE members over transparency. It reminds the devastating scam in the history of stock exchanges, which resulted in fall of share price index to even below half of Finance Minister Kibria's crash point to 748.32 on 01/09/97.

DSE chairman complained further that SEC has given permission to CSE to settle share dealing through netting system although the existing trading rules did not allow it.

A five-member committee with an SEC member as convenor was formed to examine present settlement systems and to propose an identical system for the country's stock exchanges. The committee, thanks for its quickness, suggested an uniform settlement system. The report says that under the new system traded scrips will be settled twice a week on the basis of netting. This means a modification of the existing CSE clearing and settlement system that settles all the deals once a week irrespective of the day of trading in the previous week.

Settlement twice instead of once a week will surely help in reducing the scope of showing excessive trading in a manipulative way, but cannot eliminate it. This new system will not be transparent without automation. Introduction of the netting system without automation will create scope for manipulation. This is indeed simple: two members of the exchange can engage in fictitious trading between themselves to increase the price and show high trading volume. At the same time, it may lead to speculation by way of trading for the whole week without actual transfer of shares, since the brokers need not produce the shares or deposit cheques to the stock exchange for all the transaction under this system.

In addition, netting system will delay the process of settlement and cause suffering to the investors. Meanwhile, the committee on automation of DSE in its last report (31/08/97) identified some loopholes in the ongoing process of the automation programme, a must for ensuring transparency in a netting based settlement system. Thus there is much doubt on successful operation of the new system.

Besides, the reason for scrapping the existing T+4 rolling system is not explained. Well, it is not new, the concerned authority never felt the need for explaining their action. To impose or to withdraw lock-in period for the foreign 'placement of share, for instance, two sets of arguments, one 'for' and other 'against', was ever kept ready to use, leaving the investors to wonder every time. The rollover system of settlement requires settlement on fourth working day after the day of trading as shown in the chart.

It is considered to be an investor-friendly settlement system and it goes in accordance with the G 30 recommendation that is supported by Federation of International Stock Exchange Association. However there is scope for further reduction of the settlement period from present T+4 to T+2 or T+3, to expedite settlement for the benefit of investors, a precondition for an efficient stock market.

In the whole controversy over the system of settlement, some questions remain and will probably remain unanswered:

Firstly, what are the problems with rolling system of settlement followed by DSE?

Secondly, why, instead of addressing more urgent needs of automating the stock exchange operation, introduction of the Central Depository System, separation of DSE's elected council and administrative body, and others, a comparatively minor issue of settlement system attracted so much interest, specifically on part of DSE?

Thirdly, the share price index is expected to rise from its present level of below half of Finance Minister's crash point (that is 750 points), with the help of manipulative jugglery. Is this the reason to give the State attention in expediting the settlement issue so efficiently?

Fourthly, has Share Investors Forum, the body supposed to voice general investors view, expressed (or was asked to express) its view on this issue? Though there may not be a legal requirement, would not it be a healthy practice to consider investors view in a policy matter that may affect them sharply?

One only thinks that resolving these issues will help general investors feel that they are not being taken for granted and thus help address a more acute problem of gradually vanishing investor's confidence in Bangladesh capital market.