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BUSINESS

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HYUNDAI

CARS THAT MAKE SENSE

DSE plans
investors'
protection
fund

By M Shamsur Rahman

Stockbrokers in a bid to boost investors' confidence in the capital market are creating an investors' protection fund (IPF), according to sources.

A Tk 20 lakh fund will be initially created which will be raised to one crore taka later on, the sources said.

The investors' claims will be settled from the fund after scrutiny by the DSE authorities. The DSE authorities will later realise the money from the broker or take punitive action against the accused broker by suspending its trading licence.

"We are fixing the modalities for creating the fund and an investor's claim will be settled immediately after inquiry if the authority feels the claim is authentic," said DSE Chairman Rakibur Rahman.

At a meeting with the Securities and Exchange Commission (SEC) yesterday Rakibur Rahman said such funds existed in the stock markets elsewhere, from which an investor's claim were settled if the broker were found guilty.

Let politics take a back seat, let it all be business, chamber chiefs say

'When it comes to rupee, anna and pies...'

By Toufique Imrose Khalidi

Politics has always played pranks in this part of the world. May be not any more, at least on the economic front.

That's the kind of signal from the key players of market economy, which the whole region has adopted as the driving engine for the well-being of a fifth of humankind.

"There are political differences... historical differences. And these problems are going to be resolved tomorrow. So, do we wait or can we wait?" asks Yusuf Abdullah Harun, head of Bangladesh's national chamber.

Harun and his comrades in Bangladesh business community do not want to wait. Nor do their friends from India and Pakistan.

Their resolve is best manifested in the fact that business barons from the three countries are meeting in Dhaka today along with the three prime ministers and top managers of their economies.

A one-day affair, a brainchild of Prime Minister Sheikh Hasina, the summit aims to set aside, if not bury, political hatchets for the countries 'to move ahead'.

K K Modi, Harun's Indian counterpart, is equally enthusiastic about the Dhaka exercise today.

"It's a very big step forward... this can be a beginning," says Modi of what has been dubbed Business Summit. "With WTO coming, we cannot wait. We must unite."

Modi, chief of India's apex chamber, refuses to admit that politics will be a deterrent.

"Politics is between countries but economics involves the whole world today. There's a strong recognition on this in the political circles."

Modi, interviewed by The Daily Star after his arrival in Dhaka yesterday, is more concerned with the challenges ahead than globalisation has produced.

So is Harun. "We'll be marginalised economically in the free trade regime in the world," he warns ahead of the Summit, trying to ward off fears that politics will put a spoke in the spinner.

"The whole point of this summit is that we need to unite. Unless we get together and pull our resources together, we cannot face the enormous challenges from the West," Harun says. "We need to emerge as a bloc to negotiate in the global market."

While they waited for their Pakistan counterpart to arrive this morning accompanying Prime Minister Mian Nawaz Sharif, they appeared happy yesterday with the responses from politicians so far.

Modi's point was India's caretaker Prime Minister I K Gujral came to join the conference when national elections were around the corner. "This is a great sign for us the business community," he said.

Gujral, who landed in Dhaka yesterday, set the Indian tone: "We have waited 50 years."

Things seem to have changed indeed. Imagine how difficult it used to be to bring the prime ministers of India and Pakistan together. Only compulsions such as the ones they both had faced at home in mid-November last year stopped them from coming to Dhaka, which led to the postponement of the summit, originally scheduled for November 23 last.

And when the hosts sought to revive it, the summit was back on track in less than a week, thanks to the quick consent from the two heads of government.

So, the commitment seems to be there. Anybody who matters in business and economy in these countries will be here today, sit together and talk business.

Now, can India and Pakistan wait for the Kashmir imbroglio to be resolved which some analysts find as a barrier?

None -- Harun or Modi -- nodes in agreement. And there's no indication yet that Senator Ilyas Ahmed Bilour of Pakistan has disagreement.

Together, they will try to hammer out the strategy to face the difficult days ahead when they all see comparative advantages and areas of opportunities, which can give their countries the essential competitiveness. They agree a meaningful cooperation will make the edge effective or sharper.

"This is precisely what we need to do at the summit," said Harun. "We will try to devise ways how to cooperate and (define) in which areas to cooperate."

Transport and communication, according to Harun, are the main areas where the three can work together towards growth and development. "We can link up with, say, Central Asia through India and Pakistan or we can be a gateway to

ASEAN countries."

The business leaders, in presence of trade and economic ministers and bureaucrats, are expected to discuss such issues as trade liberalisation in the light of SAPTA, trade dispute settlement, avoidance of double taxation, modernisation of customs procedure, infrastructure development, cooperation in energy sectors.

"This is complementary, not contradictory," Harun clears the misgivings, if any, "to the SAARC Preferential Trading Arrangements", which should eventually lead to a free trade area in the region.

Bilateral agenda, business or political, will take a back seat in the exercise. Harun spelled out the objectives of the summit, which would discuss three papers, one from each national delegation, dealing with three different issues. "It's trilateral or regional."

Dhaka will focus on infrastructure, New Delhi on energy

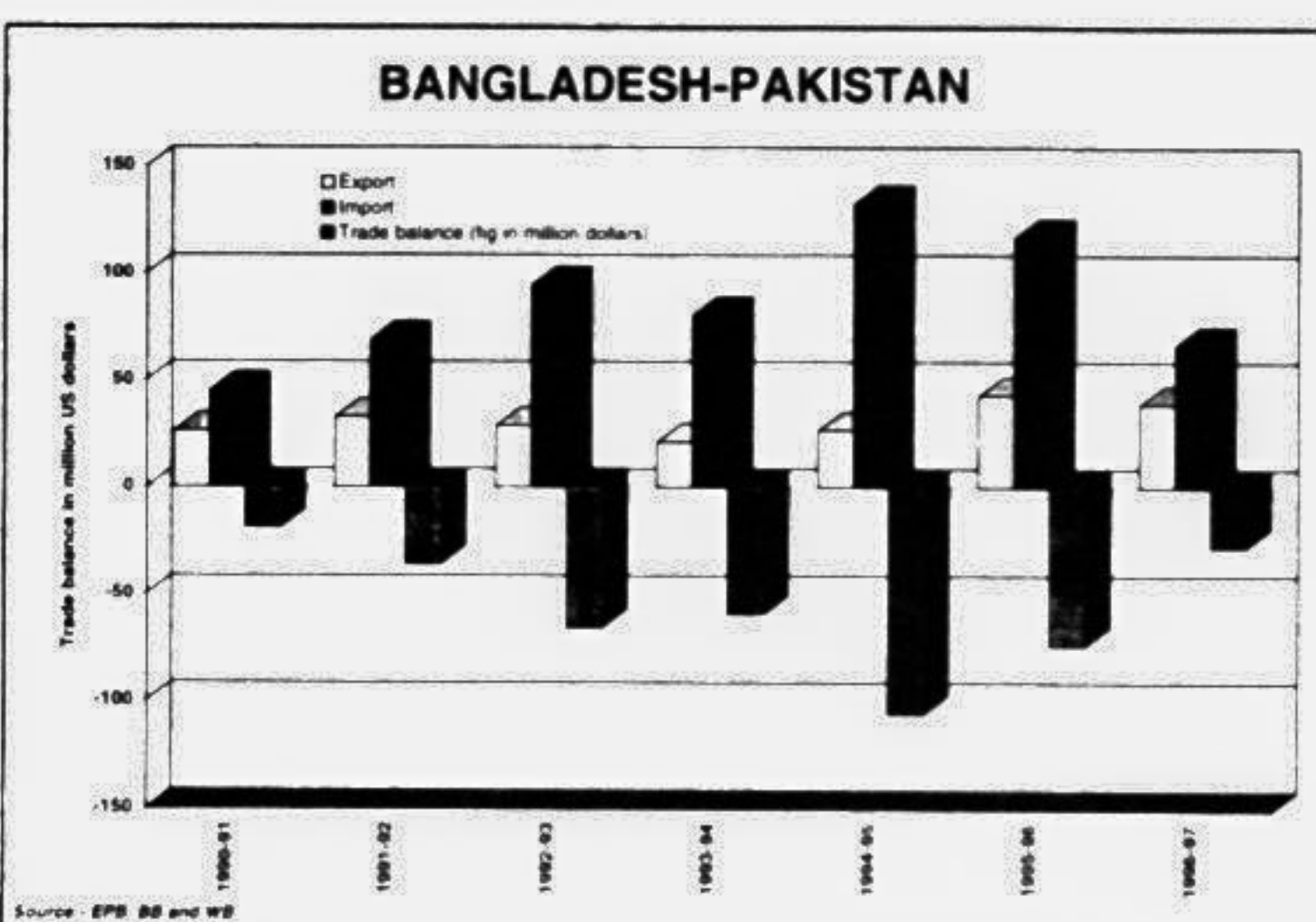
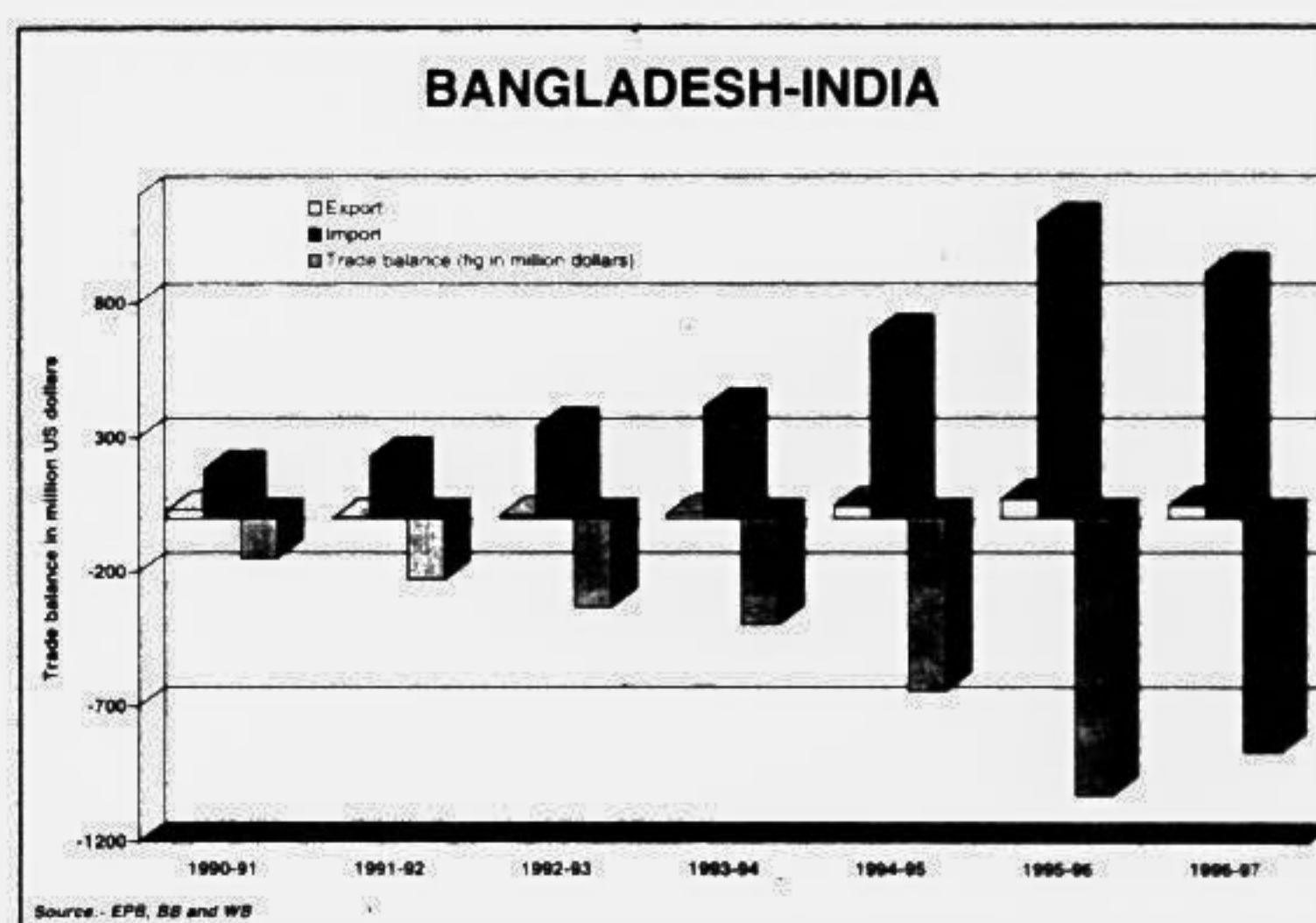
and Islamabad on expansion of trade.

Formation of a task force is likely, at least that's what Harun was hoping the summit outcome to be. Both businessmen and civil servants could sit together as a task force to carry forward the summit agenda, he said.

There are also plans to continue the summit as an annual event, which can take place in the three capitals by rotation. That would provide the opportunity for frequent consultations among the three countries, he said. "The summit, the first ever of its kind, is only expected to kick off the process."

"No politicking, please," is precisely the message to the politicians from Harun. Or as India's Modi said: "When it comes to rupee, anna and pies, we forget other things. That used to be the mover in the good old days. That should be the mover again."

Bangladesh's trade with India and Pakistan



Are Asian governments coming to senses?

Peregrine pays for
its arrogance

By Naeem Mohaiemen in New York

January 13: Only a decade after Peregrine Investments Holdings was created by a British racing driver and his Hong Kong partner, Asia's biggest underwriter of stocks has self-destructed loudly. On Monday, the bank announced that it was up for liquidation, sending ripples across Wall Street and Asian markets -- the repercussions for the future of Asian banks, especially those marked by similar mismanagement, are likely to be widespread.

Many factors led to Peregrine's demise, but the final act was accelerated when First National Bank of Chicago finally pulled out of a proposed rescue effort for the troubled bank and cancelled financing at the last moment.

As director of communications Tom Crimmer announced the bank's closure on Monday, panic spread through the Hong Kong stock market. Hang Seng China Affiliated Corporations Index and Hang Seng China Enterprises Index dropped 22% and 16% respectively. Hong Kong's stock market also plummeted 8.6%.

As Edward Gargan wrote in today's New York Times, "Peregrine's downfall was emblematic of the fault lines in the foundations of Asia's once-vaunted economic miracle. Its headlong rush to do deals, its reliance on connections in high places, and its willingness to skim the edges of legality and propriety mirrored the region's reckless economic growth, and its tolerance of widespread corruption and cronyism."

Even in an Asian "miracle" economy that was known for deep faultlines of corruption, Peregrine has always been an egregious offender. After building deep connections with Beijing dictators, it became the power-broker for a majority of Chinese companies during their initial listing on Hong Kong's stock exchange. A particularly notorious Peregrine strategy was to do business in nations that European and American bankers avoided due to numerous human-rights violations-- Myanmar (Burma) and Vietnam being the two stellar examples. When China massacred civilians in Tiananmen Square in June 1989, bank founder Fran-

cis Leung said "These events were just a hiccup, we decided we wanted to take advantage of depressed market conditions at the time." In an interview with The South China Morning Post, Peregrine's other co-founder Phillip Tose said, "Asian corruption is quite an open form of corruption was happening to 'appease some snottiness' of 26-year-old [foreign-exchange] trader at a Eurofag bank in Singapore." Delicate words from the man who was quoted by the Wall Street Journal as saying "The only good competitor is a dead competitor."

Connections, combined with an appetite for wild risk-taking, were the engines of the bank's growth in Asia. Family patronage, connections to powerful Asian families, and willingness to do business with corrupt regimes have given Peregrine a "competitive edge". However, the bank has always been dogged by financial scandal. The Bangladesh stock market scam, in which Peregrine banker Runa Alam was indicted, were the least of the bank's worries last year. Bigger news was its troubles in Vietnam, where a partnership with nightclub owner and car dealer Nguyen Trung Truc fell apart in dramatic fashion. Truc's businesses were raided by tax authorities, and he spent most of the year in jail for tax evasion. Peregrine was fined for operating a business without proper license, news that resulted in widespread caution on Wall Street about future dealings with the bank.

Flashy but unsafe
investments in
Indonesia

As in Vietnam, Peregrine has always been known for giving risky loans in other Asian nations. A majority of these loans are obtained through connections, which over-ride all other concerns. It was just such a loan to an Indonesian taxi-company that went sour and finally brought death to Hong Kong's largest investment bank. Last summer, Peregrine loaned \$260 million to Steady Safe, run by one of Indonesia's

flashiest businessmen, Jopie Widjaya. Widjaya's dream was to move from his Jakarta taxi business to rail projects, ferries, and toll roads. As everywhere else in Asia, Widjaya had tight connections with the ruling elite: he had bought a stake in a toll road owned by Siti Hardiyanti Rukmana, eldest daughter of President Suharto.

Doing business with a man backed by the President's family, what could be safer? Or so thought Peregrine. However, lulled by a foolish sense of security and dreams of access to the corridors of power, Peregrine lent \$260 million in American dollars -- one-third of Peregrine's total capital -- against Steady Safe's revenues in Indonesian rupiah. Summer passed, and the financial turmoil that had wrecked Thailand spread throughout Asia. Through it all,

Peregrine remained confident about the Indonesian deal. By October, the rupiah had lost 30% value. Peregrine's own weekly analytical report, ironically titled "Greed and Fear", argued that the currency would soon rally back up.

Meanwhile, rumors spread in Hong Kong that Peregrine had taken \$1 billion in trading losses. On October 26, the bank released a vigorous press note: "Rumours of losses by Peregrine running into hundreds of millions of US dollars... are completely false." In November, as the rupiah continued to slide, Peregrine attempted to strike a bail-out deal with the Swiss-based Zurich Group. But the continuing currency crisis made investors nervous enough for Zurich Group to back out. Finally, the Indonesian currency collapsed completely. Steady Safe's earnings were in rupiah, and so they no longer could meet the payment requirements for the Peregrine loans. Last week, with their stock price at one penny, Suharto's favorite taxi-businessman shut down his business.

As Peregrine's stock continued sliding downwards, trading in the bank's stock was suspended. Zurich Group attempted one final offer to Peregrine. Also at the negotiating

table was First Chicago, one of Peregrine's biggest creditors. Last Friday at one o'clock in the morning, First Chicago left the negotiations. One Peregrine official commented "Zurich walked away six hours later, it just unraveled from there."

After the crash, one question remains-- why didn't anyone save Peregrine? The bank had incredible connections with Hong Kong's wealthiest and most powerful people. But even Hong Kong's financial secretary Donald Tsang refused Peregrine. It is not stalling advances in Asia, but is an accepted way of life in many ways.

A Culture of Arrogance

Bankers in New York have always considered Peregrine to be fostering a "culture of arrogance". This was best exemplified in the personalities of the two founders-- Philip Tose of Britain and Francis Pak To Leung of Hong Kong. This attitude of "masters of the universe" (famously cited by Tom Wolfe in "Bonfire of the Vanities") and "we can do no wrong" led Peregrine to lend money for questionable projects and to exercise little supervision over managers, especially over Andre Lee, who ran the bond department. Mr. Lee, a Korean-Canadian born in New York, presided over the bond department which raked in 45% of Peregrine's total profit. But when regional currencies fell, he was left holding mountains of Southeast Asian debt securities with junk-bond ratings and uncertain market value. The furious Andre Lee was heard to have exclaimed to his staff that currency devalue request for assistance, saying a bailout would not be "in the public interest." For too long, Asian governments have tolerated corrupt business practices and unsound loans. Perhaps finally, with the recent banking crisis in Korea and elsewhere, some good sense may return to Asian financial markets. Saying "No" to the rampant demands of entities like Peregrine is a necessary first step.

Naeem Mohaiemen is a freelance writer based in New York

Businessmen from India and Pakistan for today's Summit

INDIA

1. **Mr K K Modi**
President, FICCI & Chairman, SAARC Chamber of Commerce and Industry (SCCI) & Immediate Past President, FICCI & Chairman, S Kumars Enterprises, Mumbai.
2. **Mr A S Kasiwal**
Vice-President, SAARC Chamber of Commerce and Industry (SCCI) & Immediate Past President, FICCI & Chairman, S Kumars Enterprises, Mumbai.

Textile & Power Generation

3. **Mr C H Mirani**
Partner, Khimji Visram & Sons, Mumbai.
4. **Mr R P Singh**
Chairman, Power Grid Corp Ltd, New Delhi.

Cotton and Textiles

5. **Mr B K Bannerjee**
Power Grid Corp Ltd, New Delhi.

Power

6. **Mr V S Krishnan**
President, RPG Enterprises, Mumbai.

Energy, specially Gas Sector

7. **Mr B K Bajoria**
Managing Director, Sea Gold Exports Pvt Ltd, Mumbai.

Export of Textile items

8. **Mr Tara Chand Singhal**
P P Enterprises, Calcutta.

Export of rice and wheat

9. **Mr K G Balakrishnan**
President, Indian Chamber of Commerce and Industry, Coimbatore.

Chairman & Mg Director of the Sri Kannanapiran Mills Ltd., the flagship company of the KG Group and also KG Denim Ltd., and one of the leading manufacturers of Denim fabrics enjoying a huge export market.

10. **Mr Subir Chakravarti**
Director, World Trade Centre, Calcutta.

Member of Global Association of WTC Association, New York an offers trade development and investment services.

11. **Mr M K Saharia**
President, Contemporary Industries & Leasing Ltd., Calcutta.

Tea plantation & exports, industries like plywood, industrial gases, etc, international trading.

12. **Mr P D Gupta**
President, Banaras House Ltd, New Delhi.

Vice-President, U P Hotels which is India's oldest Five Star Hotel chains with a focus on providing services for the international tourism segment and the domestic corporate segment, Information Technology, Consultancy Training in Hi-end and ERP software.

13. **Ms Kranti Mitra**
Vice President, UP Hotels, New Delhi.

Vice-Chairman & Jt Managing Director Development Consultants Ltd.

14. **Mr Anil Virmani**
AB International, 15, Khan Market, New Delhi 110 003.

Export of cement and paper

15. **Mr Aloke Mookherjee**
Director, ABB Ltd., and Chairman CII Committee on Bangladesh & National Committee on Environment, GNF Building, 15-16, Qutab Institutional area, New Delhi 110 067.

Manufacturers of Electrical Engineering Equipment for Power Generation, Transmission and Distribution, Industrial and Building Systems and Environmental Systems.

16. **Mr A K Bhattacharyya**
Vice Chairman & Jt Managing Director, Development Consultants Ltd., 24-B, Park Street, Calcutta-700 016.

Development Consultants is an India-based transnational consulting engineering group. It renders concept through completion services covering planning, technology selection and development, design engineering, procurement assistance, construction supervision and project management services for implementing diverse core sector and high technology projects anywhere in the world.

17. **Mr P K Sen**
Chairman & Mg Director, J Thomas & Company Private Ltd., Nihat House, 11 R N Mukherjee Road, Calcutta 700 001.

J Thomas & Company (P) Ltd. is almost two hundred and fifty years old. First auctioned Indian tea in 1861 and is, today, the world's largest tea broker. The company is also involved in Financial Services, Information Services, Rubber, Coffee and Stock Broking.

18. **Dr Smarajit Dey**
Vice President, NIIT Limited, Balaji Estate, 8, Sudarshan Munjan Marg, Kalkaji, New Delhi 110 019.

System Integration, IS Consulting, Application Software Development, Multimedia Business, Engineering and Geomatic Solutions, Information Technology, Education and Training, Distributor of Engineering Geomatics and Business Software, Instructional Software.

19. **Mr Rajiv Katyal**
General Manager-Intl. Education, NIIT Limited, Balaji Estate, 8, Sudarshan Munjan Marg, Kalkaji, New Delhi 110 019.

System Integration IS Consulting, Application Software Development, Multimedia, Business, Engineering and Geomatic Solutions, Information Technology, Education and Training, Distributor of Engineering Geomatics and Business Software, Instructional Software.

20. **Mr R Nath**
Vice President, Tata Exports Ltd., Tata Centre, 4th Floor, 43, Chowringhee Road, Calcutta 700 071.

Regional Manager (E) Godrej & Boyce Mfg Co. Ltd., Block GN Sector V, Salt Lake City, Calcutta 700 091.

21. **Mr K M Vinod Kumar**
Regional Manager (E), Godrej & Boyce Mfg Co. Ltd., Block GN Sector V, Salt Lake City, Calcutta 700 091.

President (Operations) Patton Ltd., 3C, Camac Street, Calcutta 700 016.

22. **Mr Amit Choudhury**
President (Operations), Patton Ltd., 3C, Camac Street, Calcutta 700 016.

Executive Director SAIL

23. **Mr Ashish Das**
Executive Director, SAIL.

Manufacturers of Pig Iron, Steel Blooms, Billets & Slabs, Rails, Heavy & Light Structural, Roadways & Bars, Wire Rods, Heavy, Medium & Light Plates and also involved with Training, Project Implementation, Plant Operation & Maintenance.

24. **Mr Vijai Kapur**
Chairman, CII Committee on Pakistan & National Committee on Telecommunications and Advisor, Usha India Ltd., New Delhi.

Manufacturers of Iron & Steel, Electronics & Telecommunication, Software Development, providing Telecommunication services and involved with Real Estate.

25. **Mr A Ahmad**
Representative, TATA Group, Dhaka (Bangladesh).

Asian Gas Ventures Limited Singapore.

26. **Mr Vinayak Mahajan**
Asian Gas Ventures Limited, Singapore.

Secretary-General FICCI, New Delhi.

27. **Dr Amit Mitra**
Secretary-General, FICCI, New Delhi.

Deputy Director General Confederation of Indian Industry India Habitat Centre, 4th Floor, Core A-IV, Lodi Road, New Delhi.

28. **Mr V K Topa**
Deputy Secretary-General, FICCI, New Delhi.

Deputy Director General Confederation of Indian Industry India Habitat Centre, 4th Floor, Core A-IV, Lodi Road, New Delhi.

29. **Mr S Sen**
Deputy Director General, Confederation of Indian Industry India Habitat Centre, 4th Floor, Core A-IV, Lodi Road, New Delhi.

PAKISTAN

Senator Ilyas Ahmed Bilour, President, FPCCI, Karachi

Sheikh Jamil Mahboob Magoon, Vice President, SAARC CCI, Lahore

Mr Mohsin Aziz, Aziz Group of Industries, Peshawar

Mr Hussain Dawood, Dawood Group of Companies, Lahore

Mr Naseem Saigol, Saigol Group of Companies, Lahore

Shahzada Alam Monoo, Alam Leather Corporation, Karachi

Mr Rafiq M Habib, Habib-Group of Companies, Karachi

Mr Jehangir Elahi, Chenab Fabrics & Processing Mills, Faisalabad

Mr M Khalil Isphani, M M Isphani Ltd., Karachi

Mr Ghulam Mohammad Adam, Adam Tea (Pakistan) Ltd., Karachi

Mr Faez Rehman Dittoo, President efman FPCCI

Mr Ikram Sehgal, Chief Executive, S M S, Karachi.

Uttara Bank's
profit increases
by 305 pc

Star Business Report

The total profit of Uttara Bank Ltd rose by 305.03 per cent to Tk 31.39 crore last year from Tk 7.75 crore the previous year, the bank said in a statement.

Deposit of the bank stood at Tk 1614.23 crore in December '97 which was 1431.38 crore in the corresponding period of '96, registering a growth of Tk 182.85 crore.

Advances till December '97 amounted to Tk 1378.84 crore as against Tk 1142.14 crore in '96, showing a growth of Tk 236.70 crore, the statement said yesterday.

The bank handled a total export and import business of Tk 1947.89 crore in '97 which was Tk 1233.60 crore in '96, indicating a progress of Tk 714.29 crore.

Besides, the bank handled a total home remittance of Tk 224.61 crore in '97 as against Tk 157.89 crore in '96, posting a growth of Tk 66.72 crore, the bank said.

Tk20 cr syndicated
loan to Grameen
Telecom

A consortium of four local banks recently signed an agreement for a syndicated equity investment loan of Taka 20 crore to Grameen Telecom, says a press release.

National Bank, the lead bank of the syndication, will provide Tk 10 crore. Pubali Bank Tk 5 crore, The City Bank Tk 3 crore and Dhaka Bank Tk 2 crore.

SIBL introduces
new scheme

Social Investment Bank Ltd. (SIBL) announced the introduction of "Cash Waqf Certificate Scheme" to organise voluntary sector capital market operation for the first time in the history of banking.

Dr M A Mannan, founder Chairman of SIBL, unfolded the idea the scheme before the journalists and guests at a local hotel Monday, says a press release.

Chairman of the Finance and Investment Committee of the bank, Alhaj A K M Saiquatul Islam, and directors were present. M M Nurul Haque Advisor of SIBL, delivered the inaugural speech on the occasion.

"Cash Waqf Certificate Scheme intends to empower the family heritage of the rich for the benefit of the society at large. It can be used as a financial instrument, a new product line in banking sector," Mannan said.

Exchange Rates

The following are the **Janata Bank's** dealing rate (BD Tk for one unit of Foreign Currency) to public as on 14/01/98.

on 14/01/98.				
Buying				
Name of Currency	TT Clean	OD Sight Export Bills	OD Transfer	
US Dir	45.2850	45.0991	44.9884	
GB Pound	73.4929	73.1826	73.0031	
D Mark	24.7053	24.6010	24.5407	
FR Franc	7.3788	7.3476	7.3296	
JP Yen	0.3436	0.3421	0.3413	
C Dir	31.6463	31.3315	31.2546	
S Franc	30.4459	30.3174	30.2430	

Selling		
Name of Currency	T.T. & O.D.	B.C.
US Dollar	45.6604	45.6988
GB Pound	74.7261	74.7914
D Mark	25.1577	25.1797
FR Franc	7.5135	7.5200
JP Yen	0.3521	0.3524
C Dollar	31.0494	32.0620
S Franc	31.0243	31.0765