

DSE plans investors' protection fund

By M Shamsur Rahman

Stockbrokers in a bid to boost investors' confidence in the capital market are creating a 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 was found guilty.

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 185 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 Saquqatul 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.

Name of Currency	TT Clean	OD	OD Transfer
Cu- rrency	Sight	Export	Bills
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	31.4643	31.3315	31.2546
S Franc	30.4459	30.3174	30.2430

Name of Currency	T.T & O.D.	B.C.
US Dir	45.6604	45.6988
GB Pound	74.7261	74.7914
D Mark	25.1577	25.1797
Fr France	7.5135	7.5200
JP Yen	0.3521	0.3524
C Dir	32.0341	32.0620
S Franc	31.0494	31.0765

Name of Currency	T.T & O.D.	B.C.
US Dir	45.6604	45.6988
GB Pound	74.7261	74.7914
D Mark	25.1577	25.1797
Fr France	7.5135	7.5200
JP Yen	0.3521	0.3524
C Dir	32.0341	32.0620
S Franc	31.0494	31.0765

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.

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 that 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 spanner in the spanner.

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.

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.

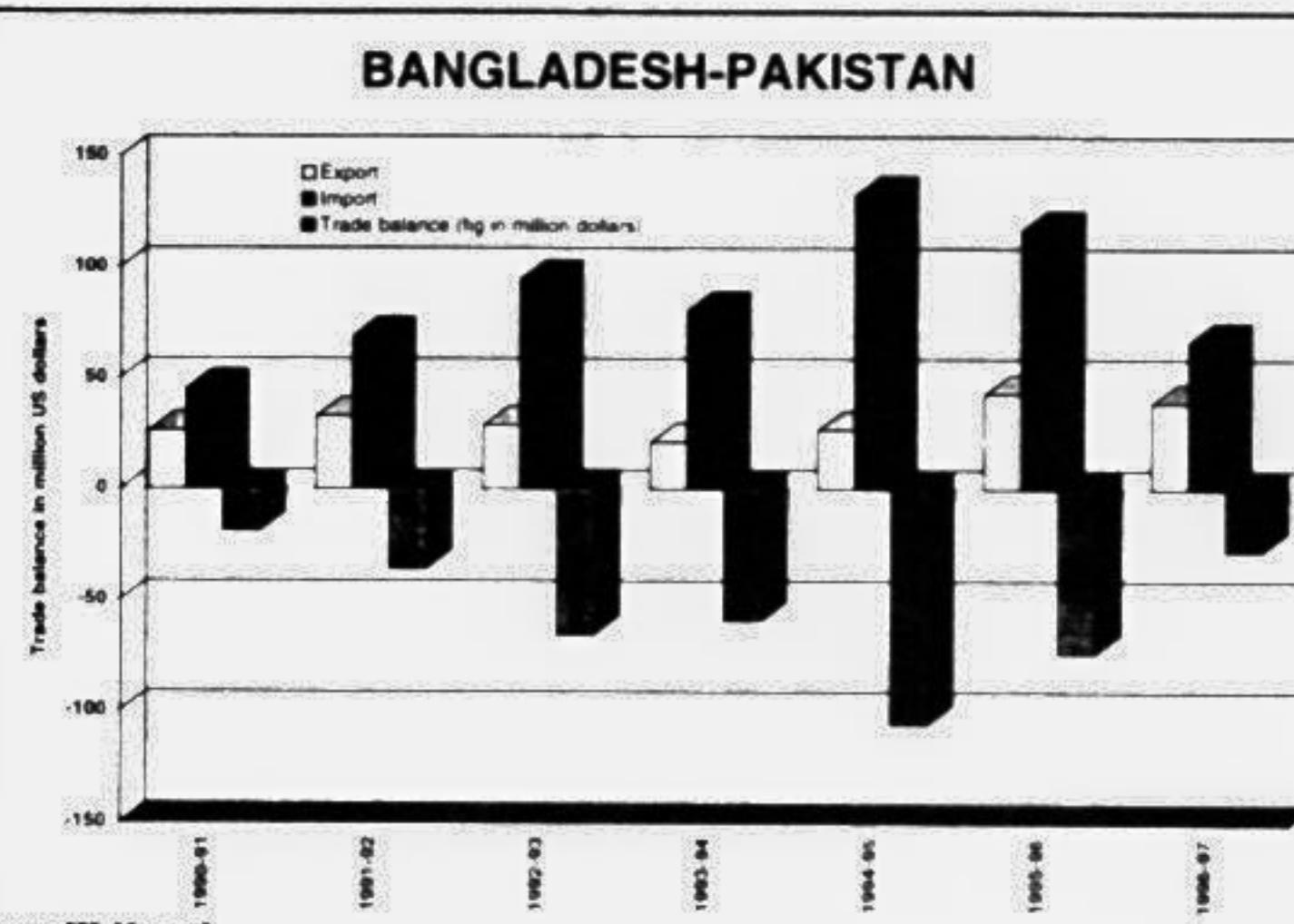
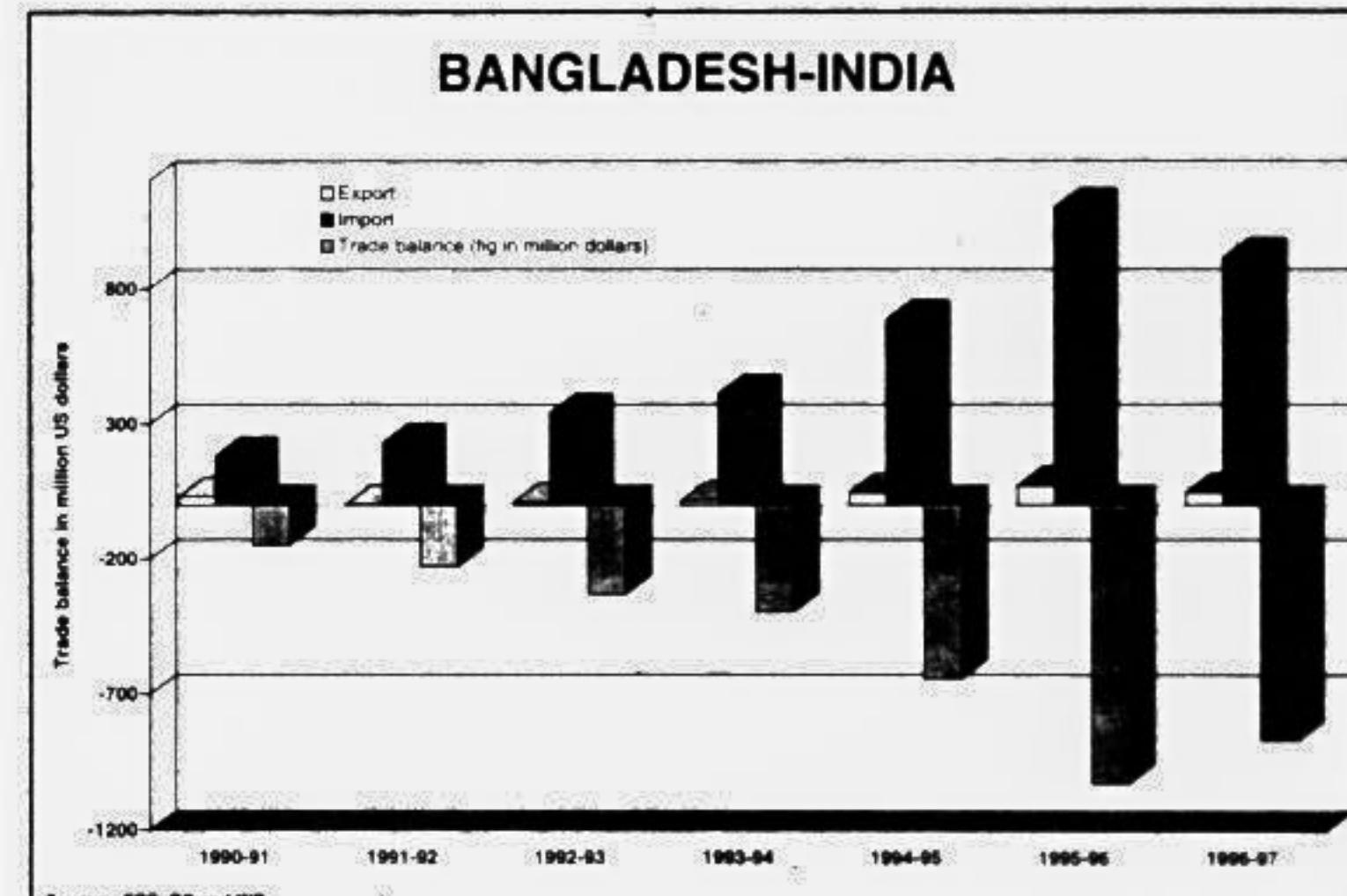
Formation of a task force is likely, at least that's what Harun was hoping the summit outcome to be. Both businessmen and civil servants could sit together as a task force to carry forward the summit agenda, he said.

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 Crimmins 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 skirt 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 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 that was happening to appear some snoot-nosed 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, was 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.

Peregrine remained confident about the Indonesian deal. By October, the rupiah had lost 30% value. But 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. Peregrine'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, First