

**SANYO**  
Micro Computer Controlled Automatic Washing Machine ASW-40MT  
Tk. 25,000

# The Daily Star BUSINESS

DHAKA THURSDAY, FEBRUARY 26, 1998

**HYUNDAI**  
CARS THAT MAKE SENSE

## Standard Chartered's profit up by 11pc

Star Business Report  
Trading profit of Standard Chartered Bank was up by 11 per cent, hitting 904 million pounds at current exchange rates, the bank announced yesterday.

The growth was 20 per cent at constant exchange rates, a bank statement said.  
Although the cost figures rose by four per cent to 1133 million pounds, the cost to income ratio improved from 55 per cent to 52 per cent.

The bank's annual dividend per share increased by four pence to 18.5 pence.  
Chairman of the Standard Chartered PLC Patrick Gillam has all the reasons to be elated. "Our 1997 results demonstrate our excellent results when our main markets in Asia are suffering considerable economic turmoil. We believe we have the skills and management to be just as successful in the future," Gillam said.

"Our growth and profitability in Bangladesh have played their small part in this excellent result," added Geoff Williams, the Chief Executive for Bangladesh.

## NetStar formally launched

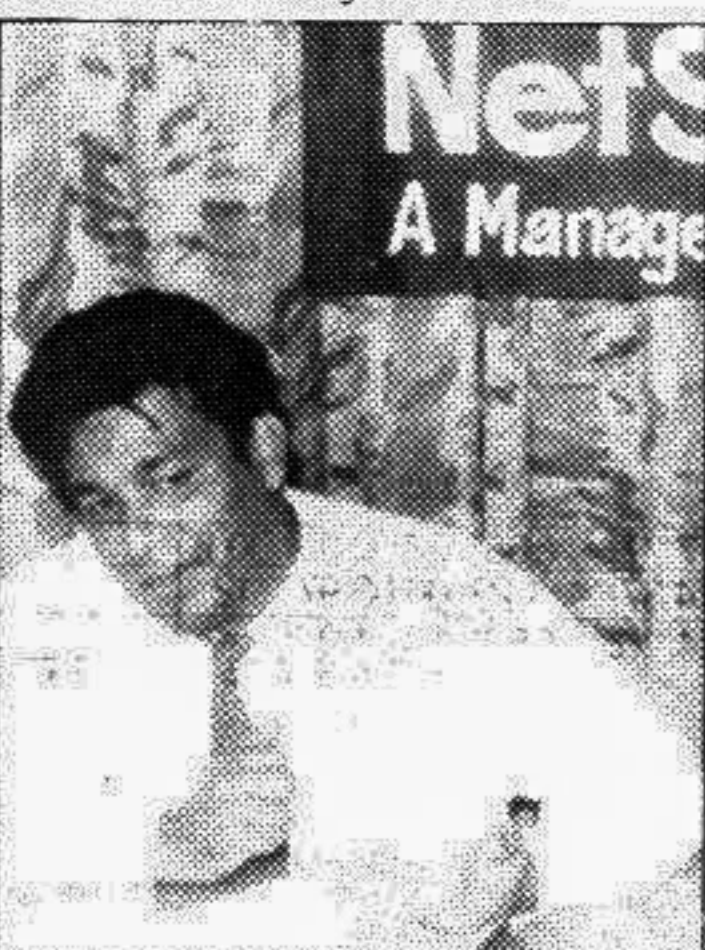
Star Business Report

NetStar, a management consulting services company, has formally been launched in the city yesterday.

The company will provide services to the business organisations and individuals within Bangladesh on strategy and market management, development projects and operation analysis.

Acting as a career-information provider, the company will also hold career-based seminar, workshop, training etc.

Currently 12 participants are taking part in a three-month course by the firm.



Executive Director of NetStar Ltd, Ahmed A Zahid, speaks at the company's launching ceremony.

—Star photo

## US wipes out inflation in Jan

By Dave Skidmore, AP

WASHINGTON, Feb 25: Falling energy costs helped wipe inflation off the books in January for the first time in four years.

The seasonally adjusted Consumer Price Index stood frozen after having risen only 1.7 per cent for all of 1997, the Labour Department said Tuesday.

"It's nirvana: a strong economy, minimal inflation and more to come," said economist Robert Dederick of Northern Trust Co in Chicago.

Tuesday's report was the first based on an updated market basket of goods and services that the Labour Department says better reflects lifestyles in the 1990s. Since the last update in 1987, Americans are buying more cellular phones and home computers, for instance, and more pasta and takeout food but less beef and tobacco.

The changes should shave between 0.1 and 0.2 percentage point off the reported inflation rate. That will translate into slightly smaller cost-of-living increases for millions of Social Security recipients and slightly higher taxes for taxpayers with incomes near the dividing points between brackets.

The last time inflation disappeared was January 1994. The last general price decline came in 1986 and economist William Duesenberg of the National Federation of Independent Business said the next could come during the first half of this year, particularly if energy prices continue sliding.

## French consumer prices fall

PARIS, Feb 25: French consumer prices fell by 0.3 per cent in January from December, but rose 0.5 per cent on the year, the government announced Wednesday, reports AP.  
The figure was below market expectations since most analysts were forecasting another unchanged month-on-month rate.

In 1997, the consumer price index rose 1.1 per cent.  
January's deflation was partly due to a 1.4 per cent drop in the prices of manufactured goods compared to December. Energy prices also fell 0.3 per cent over the same period.

## Social sectors go well but banks, bureaucracy still limp, says WB

By Inam Ahmed

Although notable achievements have been made in sectors like health, nutrition and primary education since the Awami League government took over, critical areas such as banking and finance and administrative reforms remain neglected, according to a just-completed World Bank (WB) assessment.

While the government's fiscal deficits have been contained within a reasonable limit of five per cent of GDP, the report said, "stronger efforts are needed to steer the economy on to a higher growth path".

About domestic financing which has been about two per cent of GDP in the past two fiscal years without showing signs of relenting, the WB said it must be limited to no more than 1.5

per cent of GDP.

The Status Report 1997 on the Bangladesh: An Agenda for Action to be distributed among officials today also pointed out that the expected restraint on current expenditures or strict prioritisation of ADP expenditures was yet to occur.

"Among other things, unrestrained domestic financing of the deficit, which has been rising recently, threatens to dislodge the tenuous macroeconomic stability achieved," it said. On the positive side of reform programme, the WB said progress in strengthening Bangladesh Bank's monitoring and regulatory functions had been made. So was in case with tightening loan classification and provisioning regulations, it said.

But much work remains in creating a supporting policy environment for private sector to thrive, the report said.

The report reiterated the urgency to address public sector reforms, announce a policy vision for public sector performance and establish lead institutions for change.

"Progress on all these counts remains elusive including progress on privatisation," it said.

Although there were visible signs that the privatisation process received impetus under a new chief of the Privatisation Board (PB), there was little progress in the process of actual handing over of these enterprises to private owners, it said.

About prospects of reforming the public administration,

the WB expressed serious doubts and suggested re-investigation of the Public Administration Reform Committee.

About revenue situation, the report said while it was necessary to top the revenue target of 12 per cent of GDP, the revenue-GDP ratio has stagnated around 12 per cent since 1992-93 with no signs of improvement with incremental tax efforts "feeble at best".

While the government should emphasise on restraining current expenditures, it said, pay increases, although by phases, was being implemented at a cost of Tk 940 crore in 1997-98, Tk 1570 crore in 1998-99 and Tk 1770 crore in 1999-2000. "Subsidies and loan forgiveness in agriculture continue unabated," it noted.

## Reforming NCBs gets underway

By Inam Ahmed

The Bank Reform Committee has started its work to find ways to strengthening the nationalised commercial banks (NCBs) inflicted with both financial and institutional malaise over the years.

The committee met Monday to set the ball rolling. It was decided that the main objective of the study would be to find out how to make the NCBs viable through their financial and administrative restructuring.

One of the tasks is to free the boards of the banks from government control so that these can take independent decisions in their affairs including loan sanctioning and recovery. As part of this, major

changes in the Bank Nationalisation Order of 1972 are being considered, according to sources.

The committee will also work on the capital restructuring of the NCBs, ways of making up the shortfall in their capital, and restructuring the classified loan portfolio.

The Bank Reform Committee headed by Dr Wahiduddin Mahmud has already completed four interim reports. These reports deal with amendments to the Bank Company Act, strengthening the supervision capability of the Bangladesh Bank, Bangladesh bank autonomy and Artha Rin Adalat laws.

## Female EPZ workers to have dormitory

A meeting of the Board of Governors of Bangladesh Export Processing Zone Authority (BEPZA) yesterday reviewed the progress of work of various EPZs in the country including in Comilla and Mongla, reports UNB.

The 15th meeting, held with Prime Minister Sheikh Hasina in the chair at her office, decided to build dormitories for female workers near the EPZs for ensuring their safe and secure living.

The meeting was attended by Foreign Minister Abdus Samad Azad, Finance Minister Shah A M S Kibria, Commerce and Industries Minister Tofael Ahmed, Energy Minister Noor Uddin Khan, Shipping Minister A S M Rob, State Minister for Planning Dr Mohiuddin Khan Alamgir, BOI Executive Chairman Farooq Sobhan, Principal Secretary to the Prime Minister Dr S A Samad and other secretaries and officials concerned.

## Seven banks decline Deposits grow by 11 pc in 1997

By Rafiq Hasan

Seven out of 39 banks operating in Bangladesh saw a decline in their deposits in 1997 compared to the previous year's, although total deposits grew by 11 per cent.

Four of the declining ones were foreign commercial banks, two local commercial banks and one in specialised banking sector.

The deposit declined to Tk 1394.51 crore from Tk 1506.39 crore in National Bank, to Tk 481.98 crore from Tk 510.75 crore in National Credit and Commercial Bank, to Tk 573.99 crore from Tk 578.64 crore in American Express Bank, to Tk 64.93 crore from Tk 75.25 crore in Habib Bank, to Tk 56.17 crore from Tk 59.81 crore in State Bank of India, to Tk 9 crore from Tk 9.21 crore in National Bank of Pakistan and Tk 152.30 crore from Tk 172.40 crore in Bangladesh Shilpa Bank.

A confidential report of the Bangladesh Bank says that the total deposit of all kinds of banks in the country increased by Tk 4,864 crore to Tk 51,057 crore on December 30 1997 from the position of Tk 46,192 crore at the same period of the previous year.

Meanwhile, Finance Minis-

ter S A M S Kibria told the press recently that bank deposits grew by 18.34 per cent last year and stood at Tk 54,178 crore.

Banking sources claimed that the minister showed the figure including the interbank items. They termed it "unfair" because the inter bank items were not defined as deposits. The interbank item means the money which is kept in the central bank by the commercial banks.

Asked to explain, the finance minister told The Daily Star: "We are happy at the growth of bank deposit compared to the previous year's position. It is not important if it varies one or two per cent in the growth rate."

He expressed his ignorance whether the figure he provided at a press conference was calculated excluding the inter bank items. "But the figure was provided by the Bangladesh Bank," the minister said.

According to the BB report, the total deposit in the four nationalised commercial banks increased to Tk 31,536 crore from Tk 28,363 crore.

Janata Bank registered the highest 15 per cent increase in its deposit during the period,

growing to Tk 8,110 crore from Tk 7,022 crore.

Deposits in Sonali Bank were up by 12 per cent, in Agrani by 10 per cent and in Rupali by 11 per cent, with figures as of December 30, 1997 at Tk 1,81 crore, Tk 7,396 crore and Tk 3,148 crore respectively.

### Private banks

The deposit in 17 private commercial banks stood at Tk 13,482 crore registering an increase of Tk 1073 crore from the previous year's position.

Al Arafa Islamic Bank, a new venture in Islamic banking, had the highest 116 per cent growth among the private commercial banks. The bank's deposit increased to Tk 194 crore from Tk 89 crore.

The deposits in other private banks were: Pubali Bank Tk 2,149 crore, Uttara Bank Tk 1,588 crore, Arab Bangladesh Bank Tk 1,027 crore, National Bank Ltd Tk 740 crore, Islami Bank Tk 1,706 crore, International Finance and Investment Corporation Bank Tk 1,360 crore, United Commercial Bank Tk 939 crore, Al Baraka Bank Tk 474 crore, Eastern Bank Tk 517 crore, National Credit and

Commercial Bank Tk 481, Prime Bank Tk 260 crore, South East Bank Tk 307 crore, Dhaka Bank Tk 182 crore, Social Investment Bank Tk 43 crore, Dutch Bangla Bank Tk 93 crore.

### Foreign banks

Nine out of 13 foreign commercial banks operating in the country experienced growth in their deposits last year.

The deposit positions in other foreign commercial banks were: Tk 1200.98 crore in ANZ Grindlays Bank Ltd, Tk 723.98 crore in Standard Chartered Bank, Tk 512.21 crore in Banque Indosuez, Tk 53.85 crore in Muslim Commercial Bank, Tk 149.88 crore in Citi Bank, Tk 22.45 crore in Societe Generale, Tk 30.44 in Hanil Bank, Tk 38.55 crore in Hongkong Bank and Tk 20.05 crore in Faisal Islamic Bank.

### Specialised banks

The deposits rose to Tk 1883 crore from Tk 1,790 crore in Bangladesh Krishi Bank, Tk 195 crore in Rajshahi Krishi Unnayan Bank, Tk 4.40 crore in Bangladesh Shilpa Rin Shangtha and Tk 366 crore in BASIC Bank Ltd.

## FedEx awarded

Federal Express (FedEx) was one of the eleven companies recognised by the Dubai Department of Ports & Customs during the department's celebration of its inaugural 'Excellence Day' recently.

The award 'Best Air Express Company' was made in recognition and appreciation of FedEx's co-operation with the department on the development and trials of an automated, paperless system of customs processing, says a press release.

Hamdi Osman, vice president of FedEx Middle East/Indian Subcontinent, said: "FedEx is honoured to receive this recognition from the Dubai Department of Ports & Customs and we were delighted to be able to assist the department in the development and successful trials of the automated customs processing system, which it is pioneering."

FedEx was also the winner of the Dubai Quality Award 'Company of the Year 1997' for the service sector category, announced on December 23, 1997.

## Canada unveils balanced budget

TORONTO, Feb 25: The government Tuesday presented Canada's first balanced budget since 1970, a milestone resulting from billions of dollars in spending cuts since the Liberal party came to power in 1993, reports AP.

Finance Minister Paul Martin offered modest tax breaks in the 1998 budget, plus a new scholarship fund for post-secondary students, but he promised the books would remain balanced for at least the next three years.

Martin was the official on the spot when the Liberals, under Prime Minister Jean Chretien, took office in 1993 facing a 42 billion dollars (more than 30 billion US dollars) deficit. Big cuts followed, especially in transfer payments to the 10 provinces for health care and education.

Martin received a standing ovation from his colleagues when he announced that the deficit had been erased and declared, "This is a turning point in our history."

The biggest new programme in the budget is the so-called Millennium Scholarship Fund, allocating 2.5 billion dollars (1.75 billion US dollars) to aid college and university students who have been complaining about rising tuitions and heavy post-graduation debt loads.



Voters waited outside the BGMEA office at Kawan Bazar as polling had begun yesterday.

—Star Photo

## Ban on Filipino workers going to ME goes

MANILA, Feb 25: As tensions in some parts of the Middle East abate, the Philippines on Wednesday lifted a temporary ban on the deployment of new Filipino workers to eight countries in the area except Iraq, Kuwait and Israel, reports AP.

Foreign Secretary Domingo Siazon said the ban has been lifted for Filipinos planning to work in Bahrain, Egypt, Iran, Jordan, Qatar, Oman, Saudi Arabia and the United Arab Emirates.

But he said the ban would continue for Iraq, Kuwait and Israel because tensions there remains high.

Siazon said Philippine embassies in the Middle East have been ordered to remain on alert and be ready to carry out an evacuation of Filipinos if the peace pact between UN Secretary-General Kofi Annan and Iraq President Saddam Hussein does not hold.

An estimated 500,000 Filipinos who fled to Jordan last Sunday have been told to return to Baghdad, said Raphael Segis of the Department of Foreign Affairs.

## Artificial crisis Urea price rises sharply in northern districts

NATORE, Feb 25: Price of urea fertilizer has marked a sharp rise in northern districts including Natore which is likely to hamper irri-boro production adversely, reports UNB.

The urea fertilizer is now being sold for Tk 300 to Tk 320 per bag of 50 kg in the local markets against the mill rate of Tk 240.

The Agriculture Extension Department (AED) Rajshahi Divisional office sources said there are sufficient and even surplus stock of Di-Ammonium Phosphate (DAP) fertilizer in the 16 northern districts as about 1500 dealers have been allotted 51 MT of the fertilizer each for the current month.

But the market price of the fertilizer is increasing gradually despite sufficient stock and a section of traders are doing brisk business out of the artificial crisis.

A source of the AED said a section of the dishonest fertilizer traders who were so long making money taking the advantage of the past fertilizer crisis, are involved in creating an artificial crisis at a time

when the government has successfully controlled the marketing of chemical fertilizers.

The present government to save the farmers devised a new policy and imported high quality of DAP fertilizer from China, said the Director General of AED in a press briefing at the circuit house here on February 15 while visiting the northern districts.

An agriculture expert said a DAP bag of 50 kg is equivalent to 40 kg of TSP and 20 kg of urea. The government banned the manufacturing and marketing of granular SSP fertilizer on December 31, last year in view of its adverse effect on soil fertility and the subsequent failure of Aman crops production in the last season.

The government has allotted 50,000 metric tons of DAP fertilizer during the month of January and February to 1500 dealers in 16 northern district but the dealers refused to lift the DAP fertilizer from the 12 buffer stocks in the region on the plea of high cost and unpopularity of DAP among the farmers.

## Exchange Rates

Following is the Wednesday's forex trading statement by Standard & Chartered Bank, Dhaka.  
Central Bank USD/BDT Rate: Buying-BDT46.15/Selling-BDT 46.45

TT/OD	BC	Currency	Buying		
			TT Clean	OD Sight	OD Transfer
46.5100	46.5500	USD	46.1100	45.9350	45.8366
77.1136	77.1799	GBP	75.5282	75.2415	75.0804
26.0123	26.0347	DEM	25.5033	25.4066	25.3101
0.3685	0.3689	JPY	0.3597	0.3583	0.3675
32.2538	32.2816	CHF	31.5390	31.4193	31.2878
23.0819	23.1017	NLG	22.6585	22.5725	22.4910
28.7454	28.7701	SGD	28.0816	27.9750	27.8642
7.7426	7.7493	FRF	7.6253	7.5963	7.5763
32.9158	32.9441	CAD	32.1773	32.0551	31.9196
5.8283	5.8333	SEK	5.7351	5.7133	5.6989
31.3012	31.3282	AUD	30.1098	29.9956	29.7938
12.9194	12.9306	MYR	12.1342	12.0882	12.0718
6.0122	6.0173	HKD	5.9435	5.9210	5.9106
12.4692	12.4799	SAR	12.1984	12.1521	12.1357

Usance Export Bills					
TT/DOC	30 Days	60 Days	90 Days	120 Days	180 Days
46.0150	45.7310	45.3520	44.9162	44.4425	43.3813

Exchange Rates of Some Asian Currencies Against US Dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesia Rupiah	Korean Won
38.15/39.35	44.006	42.80/43.00	3.7000/3.800	9380/9520	1640/1644

**Market Commentary**  
Trading in the local foreign exchange market remained moderately active on Wednesday. In the interbank market the US dollar traded between BDT46.28 and BDT46.32. The call money market was steady and call money rate ranged between 5.5pc and 6.00pc.

In international foreign exchange markets later in the day the US Dollar gained against the major currencies. The prevailing negative view about Japan's latest economic stimulus package announced last Friday is still haunting the Japanese Yen. Dollar is also up against the German mark due to indications of weak economic outlook. In general dollar got support from comments made by US treasury secretary that problems in the Middle East are not fully over yet. At 1130 GMT USD traded at 1.8017/25, yen at 127.17/27 and GBP at 1.6483/1.6494.

## Cooperative bank lending stopped for 9 years in Madaripur

MADARIPUR, Feb 25: The loan disbursing activities of the Central Cooperative Bank here has been stopped for about nine years causing hardships to the cooperative farmers and small traders in the district, reports UNB.

The bank established in 1907, operated normally till 1988-89 fiscal year and disbursed loans to the members of the total 373 cooperative societies of the district.

The total number of cooperative members in Sadar, Rajoir, Shibchar and Kalkini thanas is about 20,000.

The function of the bank stopped due to non-realization of outstanding loan to the tune of Tk 1.43 crore including the interest.

Cooperative activities are being hampered in the district due to non-availability of bank loan, which forced the cooperative members and marginal farmers to go to the traditional money lenders for credit.

They said they had applied for exemption of loans up to Tk 5,000 but their prayers went unheeded so far.

In the meantime, a number of cooperative members died forcing their family members to lead an inhuman life.

The employees of the bank are also suffering and nine out of 13 employees have been sacked by the authorities so far.

Members of different cooperative societies demanded fresh the loan activities of the bank to help boost production in the district.



Chairman of the City Bank Limited, M A Hashem, speaking at a Branch Managers conference of the bank held at a local hotel yesterday. Vice Chairman Saleh Ahmed Chowdhury, Directors Deen Mohammad, A K Mehmood, Azizul Haque Chowdhury, Z H Chowdhury, Adviser S B Chaudhuri and Managing Director M Taheruddin are also seen in the picture.