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'FDI could reach \$3 billion by year end'

Star Business Report

FDI inflows into Bangladesh could reach as much as three billion dollars by the end of the year, including US\$ 1.5 billion worth of projects already put in place in the past 18 months, the BOI chief said yesterday.

Actual foreign investment will cross the two billion mark by the end of this calendar year and possibly touch three billion, Farooq Sobhan told at a luncheon meeting hosted by the France-Bangladesh Chamber of Commerce and Industry.

Sobhan referred to several large deals at final stages of negotiations to back up his statement.

A US\$ 500 million plan to set up container terminals in Dhaka and Chittagong by an American company, US\$ 750 million power projects in Haripur and Meghnath, another US\$ 750 million in West-ern Region integrated Project and a US\$ 240 million investment in a cement plant by a major French firm add up to a three billion plus figure, he

said.

Sobhan admitted that Bangladesh suffered from image problem but said the scenario was changing with increasing interests among investors from such countries as the US, France, Singapore and Malaysia who were willing to come in a big way.

Some 150 companies joined the Bangladesh investment seminar in Singapore last month after consecutive visits from businessmen from the city state, he said.

"There is an enormous interest in Malaysia to set up a consortium of companies to build the Dhaka by-pass," Sobhan said. There were also interests in schemes like the planned Ring Road Project on a build-operate-transfer basis.

The BOI executive chairman said there were large funds currently available for investors with plans for infrastructure projects in Bangladesh.

A US\$ 250 million World Bank infrastructure fund is

available for private investors. The Bank has committed another US\$ 250 million once this money is exhausted, he said.

Sobhan spoke of another US\$ 6 billion fund and a US\$ 200 million Commonwealth Fund for South Asia which could be utilised by those interested in projects in Bangladesh.

Apart from infrastructure, he listed other thrust areas in which Bangladesh offered opportunities for foreign investment. "We need at least 100 composite textile mills to feed the garment industry which imports 85 per cent of its need through imports," he said and mentioned agro-processing, computer software and leather as ones having comparative advantages.

"South Asia and Bangladesh have been rated by several international banks as one of the best region to invest in terms of rate of return on investment and risk ratio," he said, drawing the attention of the French businesses in Bangladesh and

their parent companies.

Of the US\$ 1.5 billion worth of 205 projects already "at various stages of implementation" in the past one and half years, a substantial part went to three sectors -- oil and gas, power generation and telecommunications, he said quoting a recent BOI survey.

Sobhan underlined the fact the pursuing foreign investment was very high on the national agenda, and "Prime Minister Hasina has herself taken the lead."

Bangladesh's foreign policy has been geared to that direction, "and there's an enormous emphasis to strengthening of regional cooperation, especially in business," he said and referred to the January 15 Business Summit in Dhaka.

French Ambassador Renee Veyret said France was the fourth largest buyer of Bangladesh garments, responding to suggestion that French investment was still not very significant and that fa-

mous French brands were making inroads into Bangladesh market. "Our imports are worth about two billion French francs while we sell roughly 700 million," she said.



BOI chief Farooq Sobhan and Ambassador Renee Veyret listen to Francis Dubus, president of France-Bangladesh Chamber of Commerce and Industry, makes a point at a luncheon meeting yesterday.

BOI approves 9 investment proposals

The Executive Council of the Board of Investment (BOI) at a meeting here yesterday approved nine investment proposals including four joint venture projects and one foreign direct investment for registration with a total investment of Taka 15472.489 million equivalent to 329.201 million US dollars, reports BSS.

Executive Chairman of the Board of Investment Farooq Sobhan presided over the meeting which also approved two other local project proposals for foreign currency loan of 4.11 million US dollars, said a BOI press release.

The approved projects are under the sectors of textiles, cement, fertilizer (SSP powder from) gas, real estate, steel rolling mill and packaging.

The foreign investors are from USA, the UK, Holland, Japan and Hong Kong, China. On implementation these projects would create employment opportunities for 5,416 persons, the press release said.



Prime Minister Sheikh Hasina inaugurates GMG Airlines, the third private sector airline in the country, at a function held in the city yesterday.

Budapest to host ICC congress in 2000

International Chamber of Commerce, the world business organisation has decided to hold its world congress in Budapest in the year 2000.

The ICC Council voted unanimously to accept ICC Hungary's offer to host the congress, the ICC said in a press statement issued yesterday from Paris.

The 33rd ICC world Congress will bring together hundreds of top executives from all parts of the world for two days of debate on major global and regional business and economic issues. They will be joined by government ministers from many countries, world-famous economists and senior officials of leading international organisations. The exact date of the Congress has yet to be fixed.

Dr Lajos Tolnay, President of ICC Hungary, said: "Budapest is the right choice for the world congress that opens the next millennium because Hungary is spearheading the economic revitalisation of the Central European states. The ICC Hungary National Committee supports the Hungarian business community by providing access to the mainstream of international business."

Delhi may take hard economic decisions

NEW DELHI, Apr 6: Prime Minister Atal Bihari Vajpayee today said the economic situation was worrisome which may force the government to take some hard decisions and therefore it was imperative for BJP workers to put them in the right perspective before the people, reports PTI.

Addressing a meeting at the BJP headquarters here, marking the 18th year of formation of the party -- he said it was the duty of every party worker to take on himself the responsibility of making the BJP-led coalition a success.

AGM of Pharmaco Int'l held

The 17th annual general meeting of Pharmaco International Ltd was held at the auditorium of Federation of Bangladesh Chambers of Commerce & Industry in the city recently, says a press release.

A large number of shareholders attended the meeting. It was presided over by the company's Chairman and Managing Director AKMA Matin.

It discussed the audited accounts of 1996-97 financial year and took various decisions.

Govt sits on suggestions on 'sick' industries

By Rafiq Hasan

The government is yet to take any decision regarding hundreds of sick industries though a review committee on the matter submitted its report about four months back.

According to sources, the government formed a 10-member review committee to evaluate the circumstances of, and make recommendations for, 1580 industrial units which had been termed "sick" during the BNP government.

The review committee was formed in November 1996 and submitted its recommendation in December last year. Since then, the file has been lying with the ministry of finance, according to sources.

The review committee headed by then industry secretary, the late Akhtar Ali, made a nine-point set of recommendations.

The committee recommended taking necessary steps for revival of those industries which had become "sick" due to sudden change in the government policies or due to lack of proper implementation of government decisions.

It recommended immediate action for generating new jobs. The committee, however,

said the principal amount should not be waived, irrespective of the industries' status as far as viability for rehabilitation or restructuring was concerned.

"On the other hand, it recommended that the industrial units which had no chances of revival should be given a chance to pay back their original capital after deducting all interests. These industries can also be given a time schedule of three years for realising original capital in six installments," it added.

"If necessary, the entrepreneurs can be allowed to sell the property of the projects," the report said.

The banks will take legal action if the entrepreneurs fail to pay installments for three consecutive occasions.

The other members of the review committee included the then banking secretary, a deputy governor of Bangladesh Bank, chairman of Bangladesh Small and Cottage Industries Corporation (BSCIC), a member of Board of Investment (BOI), president of Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), and Abdul Awal Minto, presi-

Sheraton's family Eid package

Dhaka Sheraton is offering a 5-day attractive package during the Eid vacation for guests who wish to give their family a real treat, says a press release.

The offer will continue from April 9 to April 13.

Under this package, guests need to pay only Taka 5,000 per couple for one night or Taka 8,000 for a couple for two nights in a deluxe or standard room.

They will also get the following benefits:

Free buffet breakfast, buffet lunch and buffet dinner, complimentary deluxe fruit basket, free use of swimming pool, sauna, steam room, Jacuzzi and 50 per cent discount on tennis.

Two children under 12 years of age can stay free with their parents. They will also get free breakfast, lunch and dinner.

REB faces acute power shortage

Acute power shortage is causing serious problem for the economy including the maintenance of rural electrification (RE) programme in many areas of the country, reports BSS.

Save Dhaka Palli Bidyut Samity (PBS)-1, all the 54 PBSs have been suffering acute severely from loadshedding.

According to sources in Rural Electrification Board (REB), the agency that administers RE Programme, out of total demand of 400 to 450 megawatt power, it is getting on an average 160 to 170 MW recent days. It said all the samities under Rajshahi and Khulna divisions and samities under greater Mymensingh district like Jamalpur, Kishoreganj, Netrokona and Mymensingh are experiencing severe power shortage.

During a recent visit to Jamalpur PBS, it was found that as a result of poor supply of power, consumption has dwindled in the Samity franchised area leading to loss of revenue. Officials and employees of the Samity are constantly under physiological pressure to answer different queries of the consumers.

Jamalpur PBS formed out of 11 thanas seven from Jamalpur, one from Sherpur, two from Kurigram and one from Sirajganj district -- has nearly 75 thousand acres of land brought under irrigation through electric connection. Because of power shortage the

area has been reduced 60 to 65 thousand acres.

Abdul Halim, a member of farmers cooperative society in Jawrabari village of Banashchhara Union of Jamalpur district said that frustrated by power supply, the Samity purchased a second-hand diesel engine to run the deep tubewell. He said this has raised production cost, "but we are helpless." Had REB got power they would certainly give us electricity, he said adding once REB could ensure steady supply we would restore REB connections, many like Halim's cooperative have disconnected REB lines and began using diesel engines to carry on irrigation.

Erratic power supply during this period of the year has created great headache for the farmers and also put other consume into difficult situation, it was revealed during the talks with some local people, they complained while PBS consumers are in darkness, the nearby consumers are having electricity.

Meanwhile, REB is going ahead with its masterplan to supply electricity to 70,656 villages in 419 thanas by 2005. Till last December 21, 852 villages in 361 thanas have been electrified, a total of 18,75,601 connections were made.

Unless generation capacity is increased to ensure steady supply of power, reaching electricity to the villages would remain a far cry.



Emirates officials receive the best airline award for 1997 from the Civil Aviation Minister at an Association of Air Cargo Agents Association of Bangladesh yesterday.

— Star photo

Pak govt gives ultimatum to private power projects

Reduce tariffs or risk cancellation of deals

by Muhammad Najeeb, India Abroad News Service

Islamabad, Apr. 6 - The Pakistan government has warned private power projects to reduce their electricity tariffs within 15 days or risk cancellation of their agreements signed with the previous government.

The previous Pakistan People's Party (PPP) government of Benazir Bhutto had signed agreements with independent private power producers in 1994. Under them, the government was bound to purchase electricity at the rate of six cents per unit, whereas the government charged 1.4 to 2.3 cents per unit from its consumers, depending on consumption.

"It is ironic that the PPP government agreed to purchase electricity at six cents per unit in 1994 whereas Bangladesh has recently signed agreements with international power producers at 2.7 cents," said Deputy Minister for Water and Power Abdul Halem Siddiqui. He told IANS that WAPDA (Water and Power Development Authority) was paying \$135 million (six billion rupees) a month to these projects as tariffs.

"For how long will WAPDA bear this loss? The government will have to cancel these projects; otherwise WAPDA will be in severe financial crisis," Siddiqui said. He was of the view that the projects were earning huge profits and could reduce the price by half without losing anything.

Prime Minister Nawaz Sharif has on several occasions expressed grave concern over the supply of expensive electricity to domestic consumers, agriculturists and industry, which he says is the "outcome of ill-conceived planning and agreements signed by the former PPP government."

"No government on earth, except the Benazir Bhutto administration, would have made agreements like these which instead of giving benefits to people had created problems for them," Sharif's press secretary Saadique Farooq said.

He told IANS that electricity acquired from these private projects is so costly that no Pakistani can buy it. "If the same practice continued, the country's agriculture, industry

and other fields would be ruined." He alleged that these agreements were "self-explanatory" as the former rulers had grabbed the money and plunged the nation into a serious economic crisis.

Farooq said that the Bhutto government signed an agreement four years ago with a company to buy electricity at the rate of six cents per unit while the same company had signed an agreement with the Bangladesh government to provide electricity at the rate of 2.7 cents per unit.

He said, "One can analyse the underhand deal through these agreements...The Benazir government had agreed to purchase the electricity at enhanced rate by 3.8 cents."

A PPP spokesman told IANS that the agreements were signed in the "best interest of the nation." If these agreements were cancelled, no one would come to invest in Pakistan, he said. Ignoring a question on high rates of the power projects, the spokesman advised the government to continue with the present agreements. Cancelling

them, he said, would bring a bad name to the country.

Bhutto claimed the government had launched a propaganda campaign against her on the pretext of the power projects. "No kickbacks were taken...these are mere allegations to tarnish my reputation," she said. She however did not mention the high rates.

Last week the Parliamentary Party of Prime Minister Nawaz Sharif's Pakistan Muslim League (PML) held a threadbare discussion on the agreements signed with power producers. Sharif expressed the government's inability to honour those agreements inked by Bhutto's government.

PML leaders concluded that the power tariffs negotiated with private power producers could not be honoured. They demanded that the government cancel the current agreements without any further delay.

Most members of the ruling party are demanding construction of the controversial Kalabagh Dam, which was initiated in the early 60s but could

not be constructed due to strong opposition from Sindh and the North West Frontier Province.

An expert on power development however said the government was just trying to gain political dividends by continuing to criticise the previous regime for having contracted costly energy agreements; otherwise these projects are contributing only seven per cent to WAPDA's supply.

He hoped that the government would manage to engage the power projects in negotiations in an effort to resolve the issue of prices in an amicable way. Statements about abruptly cancelling the contracts can only scare away possible foreign investors, he said.

The private power producers are planning to move court if the government cancels the agreements. "We have invested billions of dollars...how can they cancel the agreements?" asked Fletcher Rabin of Davis Power Limited.

He told IANS that his company will "certainly seek court's help" if the agreement was cancelled.

Exchange Rates

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

TT/OD	Selling	Buying	TT Clean	OD Sight	OD
BC	Currency	Doc		Transfer	
46.5100	46.5500	USD	46.1100	45.9350	45.8366
78.1368	78.2040	GBP	76.6348	76.3440	76.1804
25.2497	25.2714	DEM	24.7504	24.6565	24.6641
0.3508	0.3511	JPY	0.3426	0.3413	0.3405
30.5384	30.5647	CHF	29.8833	29.7699	29.6485
22.3713	22.3906	NLG	21.9676	21.8842	21.8062
28.8524	28.8772	SGD	28.2364	28.1292	28.0175
7.5149	7.5214	FRF	7.4013	7.3732	7.3539
33.0561	33.0846	CAD	32.3125	32.1899	32.0536
5.7993	5.8042	SEK	5.7208	5.6991	5.6848
31.0687	31.0954	AUD	29.8793	29.7659	29.5646
12.9554	12.9666	MYR	12.1342	12.0882	12.0718
6.0098	6.0150	HKD	5.9420	5.9202	5.9008
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

US Dollar		Libor				
Buying	Selling	1 Month	3 Months	6 Months	12 Months	
Cash	46.05	46.60	USD 5.6875	5.70703	5.75000	5.87500
Notes	45.90	46.50	GBP 7.5396	7.5966	7.60547	7.61719

Exchange Rates of Some Asian Currencies Against US Dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesia n Rupiah	Korean Won
39.50/39.5080	44.1475	39.80/39.95	3.6850/3.6950	8400/8500	1406/1410

Market Commentary

On Monday, the last working day ahead of Eid Ul Azha, hectic trading was witnessed in the local foreign exchange and money market. Activities were concentrated in local currency (Taka) funds management. The market players started the day cautiously expecting a tight money market scenario as previous years. Early in the day some of borrowers panicked and borrowed funds at higher interest rates, but the call rate gradually declined after the banks got their clearing figures. Some of the lenders who refrained from lending and asked for higher rates were stuck with surplus funds and later were forced to lend at lower interest rates. The call money rate dropped to 10 per cent later the day which earlier shot above 20 per cent.

The market players praised the central bank's decision to accept lower amount of treasury bills as yesterday's weekly auction helped keep the money market easy. Activities in the money market subdued foreign exchange trading. In the interbank US Dollar traded between Taka 46.4450 and 46.50.

In the international markets, US dollar maintains firm tone against the Japanese Yen on fears that the Japanese government is not doing enough to revive its economy. While dollar is slightly soft against the deutschemark on fears that European central banks may intervene to defend depreciation of the currencies and hopes for rise in employment rate in Germany. At 1830 hours local time US dollar traded at 1.8390/9 DEM, 134.68/78 Yen and GBP at 1.6611/18 USD.

The defaulting borrowers

Responding to a query from Jaiha Abedin Hajari, MP of the Parliament on March 4 a list of defaulting borrowers as provided by the Credit Information Bureau, Bangladesh Bank. The list contains names of 2117 businesses having an overdue amount of at least one crore taka or above. Considering the reader interest, The Daily Star is publishing the list in phases.

- 1592. M/s Brothers Corporation, 1/1, Mohanpur, Shamoli, Dhaka
- 1593. M/s Ahamed Febrics Ltd, 96, Motijheel C/A, Dhaka
- 1594. Md. Nurul Islam Hazera Villa, Aganagar, Shota Mosque, Keranigonj, Dhaka
- 1595. M/s Modhumoti Fish Products Ltd, Takerhat, PS-Rajoir, Madaripur, Madaripur
- 1596. Bangladesh Small & Cottage Ind. Cor. BSCIC Bhaban, 17, Agrabad C/A, Chittagong
- 1597. M/s Sunon Fabrics (Pvt) Ltd, BSCIC I/C, Sopura, Rajshahi
- 1598. Pak Plantation Ind Ltd, 171-172 Biozid Bostami Rd, Chittagong
- 1599. Elahinour Tea Estate Ltd, 171-172, Biozid Bostami Rd, Chittagong
- 1600. M/s Enamul Hoque (Dulal), Katnar Para (Tinpoti), Bogra
- 1601. M/s Eagle Garments Limited, B-17 Zakir Hossain Road, Mohammadpur, Dhaka
- 1602. M/s Sunny Tex., 150, Motijheel C/A, Dhaka
- 1603. M/s Midway Scientific Fisheries Ltd, Kasturaghat, Cox's Bazar
- 1604. M/s Times Apparel Ltd, 8, Shahid Farooq Sarak, West Jatrabari, Dhaka
- 1605. M/s Shaif Sons Garments Ltd, 86, Elephant Road, Dhaka
- 1606. Saifur Rahman Provati (2nd Floor), 12 No. Ring Road, Shamoli, Dhaka
- 1607. M/s Avijath Chemicals Ltd, Madhabpur, P.O Madhabpur, Habigonj
- 1608. M/s Rupsha Fabrics Inds., BCIC Project, Kona Bari, Kaliakair, Gazipur
- 1609. Jessore Textile Mills (Pvt) Ltd, Aurbokash, R.N. Road, Jessore
- 1610. M/s Rasel & Brothers Garila Patiya, Chittagong
- 1611. M/s N.C. Corporation, 37/1, Korbanigonj, Chittagong
- 1612. M/s Baron Garments Ltd, Monwar Manjil, Alimabagh, Sunamgonj
- 1613. M/s Balia Textile Mills (Pvt) Ltd, 12/KA, Shamoli, Road No.2, Dhaka
- 1614. Supreme Fashion Wear Ltd, 72, Testori Bazar, Tejgaon, Dhaka
- 1615. Feroza Garments Ltd, 45, Banani (2nd Floor), Road No.17, Dhaka
- 1616. M/s Unity Cycle, 60, Amar Chand Road, Corporation, Chittagong
- 1617. S.M.A. Rob Ltd, Noor Nagar, 296, K.D.A. New Market, Khulna
- 1618. M/s Al-Amin Ice Factory (Pvt) Ltd, College Road, Ishurdi, Pabna
- 1619. M/s Khandaker Textile Mill Ltd, Radhanagar, Pabna
- 1620. Mainuddin Textile Industries Ltd, Karardi, PO Kararchar, Shibpur, Narsingdi
- 1621. Rahman Inds. Ltd, 3/B, Purana Paltan, Dhaka
- 1622. M/s Madina Vegetable Oil Refinery Inds., 7/A, Chotokatra, Dhaka
- 1623. M/s Venus Engg. Works Ltd, 443, Nakhal Para Bazar, Tejgaon, Dhaka 1215
- 1624. Ms Eve Garments Ltd, Road No.20, House No.7, Gulshan Dhaka
- 1625. M/s Quashem Shahr Limited, Tattya, Khurushkul, Cox's Bazar
- 1626. Dynesty Textiles Ltd, West Mukhtarpur, Munshigonj
- 1627. M/s Majid and Co., 21/9, Ballabi, Mirpur, Dhaka
- 1628. M/s Scotland Wood Working Ind Ltd, Vill. East Jafarabad, P.S. Purnabazar, Chandpur
- 1629. M/s Rian Motors Ltd
- 1630. M/s N.C. Corporation, D.T. Road, Chittagong
- 1631. M/s Maple Textile Industries Pvt Ltd, 9/C, Road No-1, Dhaka Cant, Dhaka
- 1632. M/s Sulekha Chemicals Ltd, Laki Chamber, Room 81, 89, Motijheel C/A, Dhaka
- 1633. Sohag Iron & Steel Industries Ltd, 207/3, Jurain Medical Road, Dhaka
- 1634. Neela Enterprise, 72/A, Nawabpur Road, Dhaka
- 1635. M/s Tairan Trading Co., 197, Barga Maghbar, Dhaka
- 1636. Farooque Bonded Ware House, House No. 45, Road No.1, Sector-6, Uttara, Dhaka
- 1637. M/s Unique International, 1/2, Chawk Circular Road, Dhaka
- 1638. Mishue Motors, 89, Motijheel C/A, Lucky Chamber, Dhaka
- 1639. M/s Mansur Khan, Vill. & PO Nalsity, Jhalakati
- 1640. Chartered Overseas Ltd, 35, Hathkola Road, Dhaka
- 1641. Wahidunabi, 11, Mirpur Road, Dhaka
- 1642. M/s Progressive Textile Mills Ltd, 7/1, Chitta Ranjan Avenue, Sharif Market, Sadarghat Dhaka
- 1643. M/s Harun Textile Mills Ltd, 80, East Testory Bazar, Tejgaon, Dhaka
- 1644. Simons Trading Corporation, 150, Motijheel C/A, Dhaka
- 1645. R.M. Label & Packaging Ind. Ltd, 62/1, Purana Paltan, 3rd Floor, Dhaka
- 1646. M/s Hi Fashion Woven Knit Wear, 10/B, Free School Street, Katalbagan, Dhaka
- 1647. M/s Expro Dress Ltd, 1/C, New Baily Road, Dhaka
- 1648. M/s Ha-Mim (Pvt) Ltd, 56/3, South Mugdipara, Dhaka
- 1649. Litmond Garments Ltd, H-95, New Airport Road, Banani, Dhaka
- 1650. M/s Caravan Travels Ltd, House No 51, Block C, Banani, Dhaka
- 1651. Bangladesh Ganaparn. CHK Samabai Samity Cooperative Directorate, Govt of Bangladesh, Dhaka
- 1652. M/s Ibrahim & Co., 30 No. Ward, East Bakalia, Chittagong

To be continued