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The Daily Star BUSINESS

DHAKA SATURDAY, MAY 16, 1998



HYUNDAI
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Islami Bank recommends 21pc dividend

Islami Bank Bangladesh Limited has recommended a 21 per cent dividend for its shareholders for the year 1997. The recommendation was made at a meeting of the Board of Directors of the bank held at the bank on Thursday, says a press release.

The chairman of the bank, Commodore (ret'd) Mohammad Ataur Rahman, presided over the meeting.

Islamic Bank Bangladesh Limited Declared final rates of profit for the year 1997 on different types of deposits as Mudaraba Savings Bond for five years — 11.83 per cent, Mudaraba Savings Bond for eight years — 11.83 per cent, Mudaraba Savings Bond for five years — 10.41 per cent, Mudaraba Hajj Savings Deposits — 10.41 per cent, Mudaraba Term Deposit for 36 months — 9.46 per cent, Mudaraba Term Deposit for 24 months — 9.27 per cent, Mudaraba Term Deposit for 12 months — 9.08 per cent, Mudaraba Term Deposit for six months — 8.70 per cent, Mudaraba Term Deposit for three months — 8.32 per cent, Mudaraba Savings Deposit — 7.57 per cent and Mudaraba Special Notice Accounts — 5.20 per cent.

The Board also evaluated the overall performance of the bank and expressed satisfaction at the significant progress achieved during the period.

The meeting decided that the 15th annual general meeting of the bank would be held on August 20, 1998.

5-day programme 'Meet the investors' opens

A five-day programme 'Meet the investors' began at the IJO auditorium in the city yesterday.

The programme will continue till the 19th of this month.

The President of Chittagong Stock Exchange, Amir Khosru Mahmud Chowdhury opened the function, says a press release.

On the eve of launching the CSE Screen Based Automated Trading System, first ever in Bangladesh, Chittagong Stock Exchange started giving demonstration on the system to the cross section of people in the city.

Everyday three sessions are being conducted at 9:30 am, 2:00 pm and 4:30 pm. Fifty participants were present at the yesterday's first session of business executive.

The system will connect the CSE brokers from Chittagong, Dhaka and Sylhet who will be able to do trade in real time. Everything on technology-wise is set in CSE and at any moment CSE envisages to open this automated trade.

M Salman Isphahani, Vice President and AGM Shamsul Kamal, Chief Executive Officer were also present on the occasion.

CSE executives Waliul Maroof Matin, Head of Corporate Development, Golam Rabban Chowdhury, Head of Research Atiquzzaman, Head of Trading, made presentation on various parts of the system.

Rapport Bangladesh Limited organised this demonstration seminar on behalf of CSE.

'Children work in dangerous condition in Pakistan'

BRUSSELS, May 15: An international organisation yesterday denounced the practice of child labour in Pakistan which it said occurs under dangerous conditions and violates international law, reports AFP.

The International Confederation of Free Trade Union (ICTFU) said 7,500 children worked without protection in a factory making surgical instruments in the northeastern city of Sialkot.

Several boys between eight and 14 years old appeared in a video it presented.

"Those children work in particularly dangerous conditions," the organisation's Secretary General Bill Jordan said adding that "employers would be prosecuted" if such incidents took place in Europe.

LONDON, May 15: Leaders of the world's eight leading industrialised countries were urged yesterday to speed up and expand debt relief for the world's poorest nations, reports AFP.

Commonwealth Secretary General Eneke Anyaoku made the plea in a letter to British Prime Minister Tony Blair ahead of the G-8 summit which opens in Birmingham, central England, on Friday.

The G-8 groups Britain, Canada, France, Germany, Italy, Japan, Russia and the United States.

Referring to the Asian financial crisis Anyaoku also urged summit leaders to protect countries from the effects of volatile money movements, to tackle money laundering and renew their commitment to overseas development assistance

Experts examine possibilities for better communication links

Reduce telecom tariffs in SAARC region, achieve uniformity

KATHMANDU, May 15: The just-concluded three-day meeting of SAARC experts examined the possibilities for better and cheaper telecommunications among the member countries, said the Kathmandu-based Secretariat of South Asian Association for Regional Cooperation yesterday, reports Xinhua.

A number of recommendations were also made at the meeting, which ended in Kathmandu on Wednesday. These include the adoption of cost-effective communication links and transit switching facilities within the region to meet the needs of voice and non-voice traffic among the countries.

The experts took note of the revenues required to sustain the development of networks to provide for greater access to rural communities, the Secretariat said.

The experts suggested that telecom tariffs in the intra-

SAARC region be reduced to the lowest extent feasible, with a view to achieving uniform tariffs, it said.

They recommended that member countries strive for low-tariff service by providing direct links, especially those across borders between member countries wherever feasible by using appropriate switching and transmission technology.

They said the SAARC countries should aim to digitalize all inter-country links, preferably by December 1999, and seek assistance of the International Telecommunication Union in setting up websites and databases in the region for exchanging information to accelerate telecom development.

In view of the various options available and the high cost involved, the establishment of a SAARC satellite should be deferred until "required demand" arises, said the

representatives from member countries — Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

They said the member countries should accord mutual recognition of each other's certification or type approval of equipment standards to facilitate standardization and harmonization of customer premises equipment in the region.

SAARC should encourage research and development activities and exchange of expertise in all telecom disciplines among the member countries, they said.

And member countries should consider adopting the products and technologies developed in the SAARC region, they said.

They also suggested that the development of human resources in the telecom sector be further encouraged through

greater cooperation and better utilization of the existing training facilities in the region.

Nepalese currency hits all-time low

KATHMANDU, May 15: Nepal felt the effects of turmoil in neighbouring India when its currency fell to an all-time low against the dollar Friday, reports AP.

Fluctuations in the rupee in India, on whom tiny Nepal is economically dependent, have a direct effect on the Nepalese rupee. India's currency has been hit by international sanctions imposed because it conducted five nuclear tests this week.

Nepal's central bank on Friday maintained the exchange rate at 64.80 rupees against the dollar, a drop from 63.70 a day earlier. It was the lowest level the Nepalese currency has ever hit.

Banglacract's budget proposal to NBR

Set up research & design, training institutes

By M Shamsur Rahman

Bangladesh Handicraft Manufacturers and Exporters Association (Banglacract) demanded establishment of a research and design development institute, a craftsmen training institute and increased participation of the country in international trade fairs to boost exports of the sector.

In its budget proposal to NBR, the Association said to meet the global thirst for new handicrafts "Bangladesh is left with no other alternative but to research and develop its products design to the need of the people which is possible through training its craftsmen to improve their skill."

It also demanded opening of five permanent trade centres in Europe, USA and Australia to boost exports. Malaysia, they said, has 40 such centres in different parts of the globe which

contributes significantly to the economy of the country.

The proposal also pointed out that the government had set an 11 million dollar export target in the current fiscal, but due to lack of raw materials, quality control and product development there is doubt that the target would be achieved.

They said bamboo and cane-made handicrafts constitute 90 per cent of the total exports of the sector, but there are "growing shortages" for these two raw materials as these are not cultivated in sufficient amount. "These shortages can be overcome" by bringing more lands under cultivation by the Forest Department and Bangladesh Small Industries.

Bangladesh can fetch Taka 200 crore in next five years by increasing its presence in international trade fairs, the Association said. It also demanded a separate visa cell in the Board of Investment (BOI) for the handicraft manufacturers and exporters.

They said duty on import of raw materials like machinery, dye and chemicals for the export-oriented handicraft industries was causing problems to the exporters and they hoped these barriers would be removed in the coming budget to help increase exports of the sector.

The Association complained that despite central bank's approval the commercial banks are not providing loans at a soft interest rate to the handicraft manufacturers. It demanded a separate counter in some fixed banks to finance the manufacturing units and extension of export loan period from 180 days to 270 days.

Share market plunges further

By Rafiq Hasan

Country's capital market suffering from lack of confidence for long plunged into further depression last week as the indicators of the two bourses went down.

According to market sources, the investors who had seen a ray of hope for improvement of the situation during the previous week, became pessimistic again due to further erosion in share prices of most of the listed companies.

The price index of Dhaka Stock Exchange (DSE), the prime bourse of the country, suffered a fall of 13.34 points and Chittagong Stock Exchange (CSE) experienced another three-point fall last week.

The DSE All Share Price index went down to 568.08 points on Thursday and the CSE All Securities Prices Index declined to 282.96 points from the previous week's 285.22.

The DSE market capitalisation went down to Taka 5109.36 crore from Tk 5229.39 crore the previous week.

DSE chairman Rakibur Rahman held lack of institutional buying and intermediary

forces in the market responsible for the long depression.

"Whenever any stock market faces such a depression the banks and other financial institutions come forward in rescue operation with various supporting programmes for the investors but it is very unfortunate that it does not happen in our country," Rakibur Rahman said.

Though 14 merchant banks got permission from the government, none of them are active in the market," Rakib added. Besides, he said the government should formulate a provision for a separate department in commercial banks to deal the share business.

On the other hand, a DSE member observed that the market was suffering from liquidity crisis which had deepened further due to higher interest rates of the government-issued saving certificates.

According to him, the idle money went to government savings certificates and bonds for higher interest rates.

Hasan Faroque Khan Jin-

nah, a councillor of the DSE, does not see any reason which can hold back the market from going up.

DSE had completed most of the reform programmes for bringing transparency in the bourse, but the market is yet to respond, he said.

According to him, there were many issues whose performance was good and their price earning ratio was also at a reasonable level.

At this stage, even foreigners can buy shares but, Jinnah thinks, they are shaky due to economic crisis in many Southeast Asian countries and fear of further devaluation of Bangladeshi currency.

Though the current economic debacle in the Southeast Asian countries had very little impact on our economy, the fund managers are hesitating for making large investment. They think that the Bangladeshi currency (TK) may be devalued again which would decrease their profitability," Jinnah said.

Rakibur Rahman hopes the

market will go up after completion of DSE's automation process.

The government has sanctioned Tk 8.40 crore at minimum interest rate for completing its automation process, he said.

Rakibur Rahman further said that some important computer equipment had already arrived and the automation process would be complete by June next.

Besides, the situation may improve if some incentive programmes are incorporated in the next budget in favour of the country's capital market," he said. During a meeting with NBR, the DSE authority sought a package of incentives in the next budget.

The DSE chairman further said that the investors' confidence would not be restored unless professionals come forward.

The release of shares by sponsors during upheaval period also had a bad impact on capital market, eroding confidence of the investors, he said.

Pabna BSB branch sues 9 defaulters

From Our Correspondent

PABNA, May 15: The Pabna branch of Bangladesh Shilpa Bank has sued nine defaulting borrowers to recover Tk 63.88 crore.

According to sources, the branch is also preparing to auction an industrial unit established on the bank's loan for default in repayment.

The cases have been filed against Chemicals Private Limited for Taka 51 lakh 56 thousand 600, Crescent Textile Ltd for over Taka 10 crore, Jajuna Textiles Ltd of Shahjapur for Tk 48,98,748, Titu Textiles Ltd of Sirajganj for Tk 63,61,538, Bangladesh Solvent Oil Mills Ltd of Baghabarighat for Tk 46,16,65,431, Mousumi Salt Industries Ltd of Nagarbari for Tk 17,01,448, Al Amin Ice Factory of Ishurdi for Tk 1,39,99,162, Golden Cable Industries Ltd for Tk 63,30,659 and Minu Complex Private Ltd for Tk 14,41,796.

Raja Mabil and Diesel Filter Pvt Ltd is going to be put on auction sale.

The bank is going to file three more cases against Pabna Metal Set Manufacturing Industries Pvt Ltd for Tk 55,88,188, Ichhamati Polythene Industries Ltd for Tk 17,29,760 and Shuva Rubber Industries Pvt Ltd for Tk 51,10,503.

The bank has also decided to issue legal notices on Diamond Industries Pvt Ltd and Janata Machine and Engineering Works Pvt Ltd.

The manager of the bank told The Daily Star that for non-recovery of such huge amount of loan money, they were being unable to sanction loans against new intending entrepreneurs.

All out efforts to recover the loans would continue, he asserted.

The branch granted loans against a total of 22 industrial projects, of which three were yet to be established, three others have been repaying their dues duly but the remaining 16 were wilfully not repaying the loan, the sources said.

Euro share markets fall

LONDON, May 15: Losses hit the leading European share markets yesterday as stock prices shed 0.40 per cent in London, 0.19 per cent in Paris, and 0.29 per cent in Frankfurt, reports AFP.

The London share market suffered a moderate loss, pulled down by Wall Street's negative reaction to US inflation data for April, London traders said.

The Footsie index gave up 24.4 points or 0.40 per cent on the day to end at 5,948.5 points. There is a widespread feeling that the Federal Reserve might raise interest rates in the relatively near future.

The London market was up a bit in the morning, but then slipped into the loss column due to increasing concern about disturbances in Indonesia and their possible effects on the economies of other countries in the region.

The market also still fears a rise in UK and US interest rates leading some investors to take profits and helping push the market lower, operators said.

The Paris bourse's CAC 40 index fell through the 4,000-point level in the afternoon after a positive opening, but then clawed back some of the losses to finish at 4,911.98 points off 0.19 per cent by comparison with the Wednesday close.

The indicator had been up by 0.23 per cent at the opening, after having nipped ahead to Wednesday to its 31st record closing high of the year at 4,019.76 points, up 0.51 per cent on the day.

Share volume came to a strong 13.2 billion francs on the monthly settlement market.

The Frankfurt share market suffered a moderate setback as the Dax Index finished the official session at 5,361.22 points, down 0.29 per cent from 5,376.88 points at the official close on Wednesday.

The Amsterdam bourse also lost ground, the Aex indicator giving up 0.8 per cent on the day to end at 1,364.09 points against 1,373.95 at the Wednesday finish.

Operation of a major merchant bank suspended in South Korea

SEOUL, May 15: South Korea temporarily suspended the operations of a major merchant bank Friday as the country struggled to overcome its worst financial crisis ever, reports AP.

The suspension of Saehan Merchant Banking Corp. a unit of Keo Pyung group, the nation's 28th largest conglomerate, underlined the difficulty faced by South Korea in restructuring its troubled economy.

Saehan was the 18th merchant bank, or finance company, to be suspended by the government. Twelve merchant banks continue operating, but most are shaky.

India confident its economy can weather US sanctions

BOMBAY, May 15: India is confident its economy can weather US sanctions imposed after its nuclear tests this week, reports Reuters.

"There is absolutely nothing to indicate and loss of confidence among investors either in the stock market, or in the currency market, or in the economy," Finance Minister Yashwanth Sinha told reporters late on Thursday.

India's greatest fear is not of the sanctions themselves, but fear they could precipitate a loss of faith in the country's economy.

Following India's nuclear tests the United States said more than 20 billion dollars of aid, loans and trade will be put on ice through sanctions that

take effect next month.

Japan, India's biggest donor, has ordered a block on around one billion dollars of aid loans and a host of European countries have curtailed aid also.

Indian officials say the impact of the US sanctions will be small, as much of the 20 billion dollars is tied to future commitments.

And sanctions will hopefully have passed away long before these commitments are due for execution, as all sides scramble to find a diplomatic resolution to the furor.

An early Indian signature on the comprehensive test ban treaty would go a long way to soothing the international community's anger with New Delhi.

But for now members of the Hindu revivalist Bhartiya Janata Party led coalition have begun a damage limitation exercise to dispel nagging doubts that sanctions could damage the country.

Commerce Minister Ramakrishna Hegde warned Washington's actions would hurt American firms doing business here more than India.

And Power Minister Fanganjan Kumaramangalam said India could manage without even multilateral financing for its power projects — the infrastructure sector the government has given the highest priority.

Meantime, the actual effects on near-term capital inflows will be manageable, officials say.

Foreign investment rises in China

BEIJING, May 15: Foreign investment in China rose about 10 per cent in the first quarter as Taiwanese and Western investors offset a regional drop due to the Asian financial crisis, the official China Daily reported, says AP.

The increase also reversed 1997's trend of falling foreign investment rates, the newspaper said in its Business Weekly edition.

China took in 8.6 billion dollars in foreign investment from January through March, a nearly 9.7 per cent increase over the same period last year, the newspaper said. It added that contracted foreign investment grew 10 per cent, but provided no figure.

Zhang Shangtang, vice-chairman of the China Association of Enterprises with Foreign Investment, cited improvement in the political and investment climates as reasons for the rise.

2-day WTO meet begins May 18

Bangladesh to fight for zero tariff access

Bangladesh will fight for achieving zero tariff access of its products as well as of other LDCs to the developed economies in the coming WTO meeting, reports UNB.

The two-day ministerial level meeting of the World Trade Organisation (WTO) begins in Geneva on May 18.

The second WTO meeting will be very important for the LDCs in achieving zero tariff access of their products to the developed countries," said Commerce and Industries Minister Tofael Ahmed while talking to a group of journalists in his office on Thursday.

The Minister said the developed countries had promised to grant the access of LDC products to their markets in the first meeting of WTO ministers in Singapore.

"I am going to Geneva with the hope that the developed countries will accept our proposals for giving preferential trade for the LDCs," he said.

"The developed countries have got wider access in our markets, but we didn't get anything in exchange," he observed.

Tofael said with the formation of WTO, LDCs have been affected or marginalized. Special measures like preferential trade arrangement, GSP and quota system should be taken for the weaker economies, he said.

The Minister said 48 LDC countries and members of SAARC are united on the issue of zero tariff access for the LDCs and European Union has assured its support to us.

Tofael said Pakistan and India have assured to support the

LDC proposal in the upcoming WTO meeting.

The first WTO ministerial level meeting was held in Singapore in 1996 where Bangladesh's Commerce Minister represented 48 LDCs.

It was agreed in the first meeting to work out a plan of action, including provision for taking positive measures for duty free access for the LDCs on an autonomous basis, aimed at improving their overall trade capacity to respond to the opportunities offered by the trading system.

It further agreed to organise a meeting with UNCTAD and the International Trade Centre as soon as possible, with the participation of aid agencies, multilateral financial institutions and LDCs to foster an integrated approach to assist these countries in enhancing their opportunities.

Tofael said the high level meeting on integrated initiative for LDCs trade development welcomed the announcement of new or additional preferential market access measures for LDCs proposed to be taken by the EC, Morocco, US, Mauritius, Korea, Singapore, India, Switzerland, South Africa, Thailand, Malaysia, Egypt and Turkey.

The meeting encouraged all WTO members to keep under active review all options for improving market access for LDCs presented in the comprehensive and integrated WTO Plan of Action and to monitor the implementation of the commitments made in this regard.

G-8 urged to speed up debt relief for poorest nations

He welcomed the "bold steps" already taken by Britain and other members of the G-8 to get the Heavily Indebted Poor Countries (HIPC) initiative off the ground, despite the small number of countries initially eligible for the scheme.

The HIPC initiative adopted by the IMF and World Bank two years ago, aims to offer about 40 of the most impoverished countries — most of them in Africa — a chance to rid themselves of unsustainable debt.

The 54-member Commonwealth comprises mostly states linked to the former British empire.

Reuter adds: As world leaders gather for their annual economic summit, British Members of Parliament and aid experts are demanding sweeping debt relief for the world's poorest countries.

Parliament's influential international development committee, in a report published yesterday on the eve of the meeting of the Group of Eight leading industrialised nations, is pushing for the debts of the poorest countries to be cancelled to mark the millennium.

The Guardian newspaper, which carried a leak of the report, urged leaders at their summit in Birmingham to tackle the issue head-on. "This opportunity must be grasped," it said.

Should leaders from the United States, Britain, Germany, France, Italy, Canada, Japan and Russia regard that advice, streams of protesters are likely to be there to remind them. There are glimmers of hope

for a new approach. British Finance Minister Gordon Brown, chairing a meeting of G-8 finance and foreign ministers, raised the prospect of extra help for war-torn African countries.

"We looked at the position of countries recovering from serious conflict — Rwanda, Liberia, Burundi and the Democratic Republic of Congo," he said. "We need to do more to help countries to make the next step from crisis to rehabilitation."

Ministers reaffirmed the orthodox view that an increased share of official development assistance should go to countries that pursue "good governance, sustainable development and poverty reduction."

But aid lobbyists saw signs of a more flexible approach. There does finally seem to be a recognition that countries with severe economic problems can't continue to repay debt while they are trying to rebuild their economies," said Jessica Woodroffe at the World Development Movement.

She said existing programmes to reduce the debt burdens of the hardest-hit countries were of little or no help. Two years ago, the world's leading nations agreed an initiative to help heavily indebted Poor Countries. The HIPC initiative dangled the carrot of debt relief to governments that

put their economies on an even keel by implementing reforms prescribed by the World Bank and the International Monetary Fund.

The target is for all needy nations to be in the debt reduction process by the year 2000. But they will get no funds until their reforms meet the approval of the IMF, which is dominated by the G-8 countries.

"There's nothing new there. It simply says it is up to the countries concerned to sort out their economies and then they might get some debt relief in six years' time," Woodroffe said. That was putting the cart before the horse, she said. The poorest countries needed help

now, to enable them to reform their economies in the future.

The cross-party Parliamentary Committee on International Development said the HIPC programme had to be speeded up, cutting from six years to three the checking period on a country's track record before granting aid.

It suggested that the IMF should be pressed to sell its gold to help finance the HIPC initiative. It also said the Fund should be forced to justify publicly its decisions and programmes.

"We've for a long time called for open debate about IMF policy they spend our money on our behalf with little accountability," Woodroffe said. For years, the IMF has tied aid packages to swinging economic reforms.