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The Daily Star BUSINESS

DHAKA WEDNESDAY, JULY 15, 1998

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Agrani Bank recovers Tk 436cr bad loans in six months

Star Business Report
Agrani Bank has recovered Tk 435.95 crore in classified and overdue advances during the last six months.

The bank has also shown better performance in respect of deposit mobilisation, advances, foreign exchange business and profit earnings compared to the same period of the preceding year, according to a bank press release.

During the first half of the year, the bank also achieved a Tk 4458.70 crore in foreign exchange business (export, import and remittance) which was higher than Tk 45.12 crore of the corresponding period of the previous year.

The bank also topped the list of the banks dealing in foreign exchange business upto March this year maintaining a 14.73 per cent share in the total forex business of the country.

The total deposit and advances of the bank stood at Tk 7763.67 and Tk 6773.88 crore respectively as against Tk 6939.20 and Tk 6057.40 crore of the corresponding period of the previous year.

BB treasury bill auction held

The 102nd auction of the 90-day treasury bill, the 93rd auction of the 30-day and the 180-day treasury bills and the 67th auction of the one-year treasury bill were held yesterday, reports UNB.

Seventy-three bids for a total of Tk 603.00 crore of 30-day bill, four bids for Tk 17.00 crores of 90-day, one bid for a total of Tk 5.00 crores of 180 day bill and 28 bids for a total Tk 197.50 crores of one-year bill were offered.

Of these, 44 bids for a total of Tk 457.50 crores of 30-day bill and 15 bids for a total of Tk 128.50 crores of one-year bill were accepted.

The bids offered for the 90-day and 180-day bills were not accepted.

The weighted average prices of the accepted bids against the 30-day and one-year bills were Tk 99.31 and Tk 90.71 per 100 taka respectively. The corresponding yields are 8.28% and 10.25% per annum.

Workshop on ISO 9000 held

Star Business Report
A training workshop on ISO 9000 awareness programme ended on Sunday.

It was organised for Foreign Investors' Chamber of Commerce and Industry at Business Advisory Services Centre.

The purpose of the workshop was to aware the delegates of the principles and practices of ISO 9000 Series of Standards in relation to the present global business scenario.

Delegates from various multinationals, like Berger Paints Bangladesh Ltd, Dhaka Sheraton Hotel, Expeditors Bangladesh Ltd, Societe General, Bata Shoe Co (Bangladesh) Ltd, and Fu-Wang Foods Ltd were present at the awareness programme. The programme was facilitated by Engr M Maqbul Hossain, Certified Lead Auditor.

Choumuhani Poura budget announced

NOARKHALI, July 14: Choumuhani Pourashava has announced Tk 10 crore budget for the current fiscal year, reports UNB.

Pourashava Chairman M Shah Alam unveiled the budget at the Pourashava auditorium impinging no new tax last week. Ward commissioners, local elite and journalists were present.

The pourashava will implement a number of development schemes during the current fiscal year. The schemes include construction, reconstruction and development of roads, culverts and drainage system.

Besides, health and education sectors will get priority. Efforts will be taken to ensure smooth water supply in the pourashava area.

Japan's bankruptcy liabilities soar

TOKYO, July 14: Japan's corporate bankruptcy liabilities surged 237.5 per cent from a year earlier to 1,363.2 billion yen (9.7 billion dollars), in June, a private research agency said today, says AFP.

It was the worst showing for the month of June in the post-war era Teikoku Databank said in a monthly survey.

The number of bankruptcy cases rose 29.1 per cent to 1,741, the 13th straight monthly rise and the highest post-war level for June, the agency said.

Ctg Port handling hits all-time high

CHITTAGONG, July 14: Chittagong Port achieved the all-time high record of handling over one crore 24 lakh tonnes of goods during the last financial year exceeding the record of the previous year by about three lakh tonnes, reports BSS.

The port handled 10,389 ships during the period, a press release of the Port said.

In the 1997-98 fiscal, the Chittagong Port handled about 96 lakh tonnes of imported goods and over 15 lakh tonnes

export goods which was about five lakh tonnes and about one lakh tonnes higher than the import and export goods respectively handled in the 1996-97 fiscal year.

In the last fiscal year, the port also handled about three lakh 30 thousand TEUS containers which was over two lakh 90 thousand TEUS in the previous year.

The Port also handled over 13 lakh and 25 thousand tonnes goods including inland ISD and

transit in 1997-98 financial year while about 33,600 containers were handled at Dhaka ISD.

In 1997-98 financial year, the port earned a revenue of Taka 348 crore 26 lakh against a revenue expenditure of Taka 233 crore 65 lakh, the press release said.

The revenue earning and expenditure in the previous year was Taka 324 crore 32 lakh and Taka 213 crore 34 lakh respectively.



Loan Signing Ceremony for
Abul Khair Steel Products Ltd.-Project of BDT 830 Million
Advised & Arranged by ANZ Grindlays Bank
July 1998

(From right to left) M A Ali, GM of ANZ Grindlays Bank, A Kashem, Chairman of Abul Khair Steel Products Ltd; M K Alam, MD of Eastern Bank; K M Saitter, Head of Corporate Banking, ANZ Grindlays Bank; F Dubus, CM, Credit Agricole Indosuez; D Das Gupta, GM-Marketing, Credit Agricole Indosuez and C M Alam, MD of PDC, at the signing ceremony of loan for the AKSPL at Sheraton Ballroom yesterday. —ANZ photo

Work on France-Bangla cement plant may start next year

Construction work of the France-Bangladesh joint venture cement plant in private sector is expected to begin early next year, reports BSS.

The land development work of the estimated over 200 million dollar plant will begin at its Chhatrak site in Sylhet early September next after the rainy season recedes, Managing Director of Lafarge-Surma Cement Company told BSS yesterday.

Michel Folliet, who is also the Country Director of Lafarge for Bangladesh, said as one of the front-ranking global leaders in producing building materials, Lafarge is committed to setting up the plant in the shortest possible time.

The company has been working on the project in collaboration with its local partner Islam Group for the last two years and the Bangladesh government is extending all-out cooperation for launching the plant on time, he said.

Folliet said Lafarge, which is

operating in 45 countries of the world including the USA, China and Japan, will finance the project from its own sources, while the company is also expecting funds from the Asian Development Bank (ADB), International Finance Corporation (IFC) of World Bank, the German Investment and Development Company (DEG) and Commonwealth Development Corporation (CDC).

He said the cement plant, to be set up with the most modern technology, will initially produce 1.2 million ton of finest quality cement per year. Besides helping Bangladesh save an estimated 100 million dollars in foreign exchange for importing cement from abroad per year, the plant will create employment opportunities to at least 2000 people in different operational stages of the company, he said.

Folliet said all formalities have already been completed for bringing lime stone, raw material for producing cement, from Meghalaya of India.

The joint-venture cement plant, on completion, will be the second integrated cement factory to produce globally standard cement in Bangladesh.

Company sources said, adding it will be the first private sector plant of its kind with foreign investment.

According to informed sources, the present cement consumption of the country is between 3.50 and four million tons per year.

Chhatrak cement factory, the only integrated cement plant of the country, owned by the public sector, and about 10 imported clinker grinding factories can provide roughly 1.2 million tons of cement per year.

If the imported clinkers, which constitutes about one million tons, is excluded, the cent per cent local production of cement stands at about 0.2 million tons a year, the sources said. Bangladesh has to spend a huge sum of foreign currency to import on an average 2.4 million tons of cement a year, the sources added.

Nepalese foreign trade drops

KATHMANDU, July 14: Nepal's total foreign trade dropped slightly in the first nine months of the 1997/98 fiscal year ending mid-July, but the deficit narrowed by 10.5 per cent, the finance ministry says, reports Xinhua.

The country's foreign trade during the period dropped by 0.3 per cent compared with the year-ago level, and amounted to 85,638 billion rupees (1.3 billion US dollars), the ministry says in its latest economic survey.

But the total trade deficit declined by 10.5 per cent to 46,727 billion rupees (700 million

dollars) with export up 15.7 per cent and import down 4.1 per cent, the survey notes.

"Due to the decline in trade deficit, it seems that the country's external trade is gradually orienting toward improvement," the report said.

Nepal's trade with India rose by 9.1 per cent to 25.62 billion rupees (400 million dollars) while the deficit with that country fell by 13.2 per cent to 13,294 billion rupees (200 million dollars).

Nepal's trade with other countries dropped by 3.8 per cent to 60,018 billion rupees (900 million dollars) and the

deficit fell by 9.4 per cent of the exports to them, woolen carpets accounted for 48.4 per cent, ready-made garments 41.6 per cent and pulses 6.4 per cent.

Compared with the same period last year, export of ready-made garments and pulses was growing as usual but that of woolen carpets was declining, the report says.

The report says that at the end of the 1996/97 fiscal year, Nepal's foreign currency reserves stood at 48,541 billion rupees (700 million dollars) and rose by 25.1 per cent by mid-April 1998 to 60,721 billion rupees (920 million dollars).

Yen faces rough ride

TOKYO, July 14: The Japanese yen faces a rough ride on world currency markets as Tokyo's political chiefs search for a new premier, with analysts warning none of the leading contenders inspires confidence, reports AFP.

"This upheaval is sure to unsettle the market," said Garry Evans, strategist at HSBC Securities.

"Each time the media reports that an uninspiring candidate looks likely to become prime minister the yen will weaken and the nikkei will fall."

The yen continued to recover against the dollar today after heavy falls shortly before Ryutaro Hashimoto resigned as Premier on Monday.

Hashimoto's ruling Liberal Democratic Party was humiliated in Sunday's upper-house elections, a sign of Japanese voters' fury at the tough recession which has gripped the world's second largest economy since late last year.

At 3:00 pm (0600 gm) Tuesday the yen was trading at 141.26-29 against the dollar, only slightly weaker than it stood late Friday, the last trading day before the elections.

The Nikkei stock index closed the day up 0.8 per cent at 16,488.91.

The newspapers' early favourite for premier was Foreign Minister Keizo Obuchi, the "grey man" of Japanese politics, with a string of lesser names as contenders behind him.

"None of these alternatives are likely to fill the hearts and minds of the financial markets with joy," said Russell Jones, chief economist at Lehman Brothers Japan.

For many analysts 61-year-old Obuchi would be the worst outcome, given his thin grasp of economics, and would provoke determined yen selling.

A Japanese magazine, Tokyo Keizai, last week published a ranking of politicians according to their understanding of economics.

Obuchi was second to last, ahead only of Finance Minister Hikoichi Matsunaga.

Some suggest Seiroku Kajiyama, a 72-year-old party veteran, would find market favour, as an experienced and dynamic leader.

But he has suggested interest rates should be raised to bring Japan out of recession, a theory which has unnerved many analysts.

"He is a loose cannon with some weird and wonderful policy ideas," said Jones.

"We think he would be a very dangerous choice, harking back to old-style LDPism," Kajiyama was once construction minister and holds close ties with the nation's debt-ridden and shaky construction industry.

LDP lawmakers will appoint a leader next Tuesday and he will be formally approved by parliament on July 30. Until then the yen will struggle in volatile trading between 138 and 144 to the dollar, dealers said.

JS body on post, telecom meets

A meeting of Parliamentary Standing Committee on Post and Telecommunication Ministry was held at Sangsad Bhaban yesterday, reports UNB.

Committee President Kamal Ahmed Majumdar presided over the meeting.

The meeting had an elaborate discussion on the capacity and connection and increasing manpower of eight exchanges in Dhaka city, and expansion of facilities and services to the subscribers.

Describing the telecommunication as a profitable sector, the meeting asked the concerned ministry to identify the prevailing problems and take necessary steps for their immediate solution.

Committee members Whip Mohammad Mizanur Rahman Manu, Mohd Shahab Uddin, Advocate Fazle Rabbi, Advocate Mohammad Nadim Mostafa and Mohammad Barkatullah Bhulu were present.

Services, facilities needed: Study Growth of small enterprise sector constrained

The growth of the small enterprise sector, which has a great potential for poverty alleviation through employment and income generation, is constrained by the lack of needed services and facilities, reports BSS.

This was observed in a study report titled 'Small enterprise promotion and development in Bangladesh: Formulation of a package programme.'

The study was conducted by Bangladesh Unnayan Parishad (BUP) under the auspices of Swiss agency for Development and Cooperation (SDC) from April 1997 to May 1998 in Bangladesh.

In the report, maximum stress was given on concerted efforts to attain accelerated growth of the small enterprise sector for poverty alleviation and improving the quality of life of the poor in Bangladesh.

The study which was conducted under the direct supervision of Dr Quazi Kholiquzaman Ahmed, Chairman of BUP and a leading economist of the country, in an attempt to develop a programme direction for viable promotion and development of small enterprises in Bangladesh.

The effort was directed to help initiate a policy and programme package containing crucial elements to enable people to be involved in micro level productive and service oriented activities it was aimed at effectively upgrading their operation of small enterprises and attract new investors.

During the study, more than 61 per cent of the respondents said lack of access to funds during inception of their enterprises was a major problem.

The study was conducted on 47 enterprises of 10 districts under six divisions.

The entrepreneurs faced bad production discipline, shortage of space for production and related activities, non-availability of required machinery locally, lack of technical know-how, management, marketing and transportation problems.

The enterprises surveyed were found to be small both in terms of investment and employment with average employment of 15 and average investment of 1.1 million Taka ranging between Taka 12.7 thousand to Taka 6.7 million, the report said.

Most of the enterprises procure raw materials from local sources reflecting the importance of the local resource base for the development of small enterprises. Although the number of female worker increased by more than 130 per cent since inception, the report said, their total share in the employment still remained only 19.7 per cent.

"The volume of credit used by the sample enterprises account for a small portion of the total investment," the report said, adding, the total institutional credit use has been negligible.

Marketing of products remains one of the most difficult problems for the small entrepreneurs. Inability and unwillingness of the entrepreneurs to invest money to create required marketing facilities constrain their sales and profits, the report said.

Among major post-production shortcomings, the report mentioned lack of storage, packaging, transportation and promotional facilities at the enterprise levels.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) of the Taka to clients.

Currency	Selling TT & OD	Buying TT Clean	Selling EC	Buying OD Sight	Buying TT & OD
USD	47.3050	46.9100	47.3450	46.7570	46.6850
GBP	77.7894	76.6040	77.8352	76.3542	76.2366
JEM	26.3743	25.9947	26.3966	25.9099	25.8700
DEM	0.3362	0.3308	0.3385	0.3297	0.3292
FRF	7.9219	7.6998	7.9286	7.6746	7.6828
SAR	12.6575	12.4684	12.6682	12.4278	12.4086
MYR	11.3305	11.2359	11.3401	11.1992	11.1820
AED	12.9153	12.7366	12.9263	12.6950	12.6755
KWD	159.1850	147.8738	159.3196	147.3915	147.1645
QAR	13.0324	12.8492	13.0434	12.8073	12.7876

USD usance export bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
46.8112	46.5191	46.1282	45.7373	45.3463	44.5645

US dollar London Interbank Offered Rate (LIBOR) effective as of July 14, 1998

Currency	Month	3	6	9	12	
						Months
Cash	46.6850	47.3050	5825	5875	575	57825
TC	46.6850	47.3050	7525	78125	78125	7875

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesia Rupiah	Korean Won
42.595/42.615	46.430/46.460	41.300/41.400	4.1750/4.1950	14400/14700	1287/1291

Amex notes on Tuesday's market
There was very little demand for US dollar in the local interbank foreign exchange market. There was adequate supply of USD to meet the demand of the market. The average USD/BDT transaction rates were between 46.99 and 47.09.

The call money market was moderately active. Average call rates ranged between 5.00% and 5.50%.

In the international market, US dollar was overwhelmed by steadiness of German mark.

News that Russia would receive a new package worth \$ 22.6 billion from IMF, the World Bank and Japan put the dollar on a defensive mode in the Tokyo trade on Tuesday.

The Dollar maintained a weak tone against the yen for most part of Tokyo trading.

Later the dollar was steady against the yen and mark in morning European trade. Market was assessing the impact of aid agreement on Russia and political instability in Japanese economy before deciding on the direction to move.

Sterling slipped against US dollar and German mark after weaker than expected UK retail price data, which cooled the expectations that UK interest rates would climb up.

The Indian rupee was steady against dollar by noon Tuesday. Initially it weakened on a burst of interbank dollar buying. Later the slightly steady yen in Asian markets also taken its pressure off the rupee.

At 1700 local time in the international market the USD traded at 1.8005/10 DEM, 141.07/12 JPY, 6.0375/95 FRF, 1.5176/86 CHF, and GBP at 1.6358/68 USD.

Japan's new PM to inherit US pressure on economic reforms

WASHINGTON, July 14: Japan's new leader will face all the problems that made Prime Minister Ryutaro Hashimoto the latest victim of Asia's financial crisis as well as the same nagging message from the United States, reports AP.

In the view of the Clinton administration, Japan must act more quickly and decisively to revive its huge economy or run the risk that Japan's worst recession in 50 years will ignite a second, more dangerous phase of Asia's economic troubles.

If Japan, the world's second largest economy, can't soon find a way to revive growth, the worry is that Asia's troubles will unsettle investors elsewhere, something already occurring in Russia, and perhaps trigger a worldwide recession that would drag down even the high-flying US economy.

"It is very important to the United States that the new government, whatever its composition, move quickly to implement concrete fiscal and banking measures to achieve strong

domestic demand-led growth in Japan and to restore confidence in Japan's financial system," presidential spokesman Mike McCurry told reporters at the White House.

Hashimoto, who parlayed victory in a 1995 high-stakes auto trade fight with the United States into the prime minister's job in 1996, announced on Monday that he would step down after his party suffered a stunning setback in parliamentary elections.

Japanese voters clearly unhappy with Hashimoto's flip-flops on economic policy stripped his ruling Liberal Democratic Party of 17 seats in Japan's upper house. After polls last week showed LDP popularity was plunging, Hashimoto finally signaled he would be willing to consider permanent tax cuts to boost consumer demand.

Financial markets generally viewed the LDP defeat as a favorable development bolstering the hand of reformers. Stock prices rebounded in Tokyo as investors decided that Japan

would continue economic reforms even after the government shakeup.

Treasury Secretary Robert Rubin, who has sparred with a succession of Japanese finance ministers in recent years over Japan's troubles, said it was "absolutely imperative that Japan move efficiently and expeditiously in dealing with economic issues."

On the first stop of a week long Africa trip, Rubin told reporters in Abidjan, Ivory Coast, on Monday that the change in leadership in Japan would not affect US dollar policy.

The administration last month spent the billion dollar in a surprise move to sell dollars and buy Japanese yen to bolster the Japanese currency. Investors believe the administration is prepared to launch further surprise attacks on the market if weakness in the Japanese yen once again threatens to destabilize other Asian currencies or force China to abandon its pledge to keep its currency stable.

While the administration was careful to steer clear of any speculation on the next prime minister, Wall Street economists indicated they favoured the dark horse candidacy of Seiroku Kajiyama, who has pushed for a more aggressive response to Japan's economic troubles, over the more cautious Foreign Minister Keizo Obuchi.

Whoever is chosen, the administration let it be known that President Clinton would like to meet with him as soon as possible, rescheduling the now-cancelled Washington visit Hashimoto was to make next week.

While that visit would have been the first formal state visit by a Japanese Prime Minister in 11 years, Clinton had been expected to use his talks to press Hashimoto for more concrete commitments to reforming the Japanese economy, including removal of barriers to US exports.

The US-Japan trade deficit, which last year climbed to 56

billion dollars, has been widening this year and the overall US deficit is setting monthly records as sales of American manufactured goods and farm products to Asia plummet.

Even with the repudiation of Hashimoto's party at the polls, many US economists believe the "Total Plan" his government produced in recent weeks to deal with the economy's biggest problem, 530 billion dollars in bad bank loans, is a credible effort to resolve Japan's banking crisis.

But the crucial question, analysts said, will be how quickly Hashimoto's successor and Japan's notoriously cautious bureaucracy move to deal with a banking crisis that dwarfs America's savings and loan crisis of the 1980s which took six years and 125 billion dollars in taxpayer money to resolve.

Aussie expectation

Another report from Canberra says: The world expects Japan's new prime minister to continue the economic reform

started by outgoing leader Ryutaro Hashimoto, Prime Minister John Howard said Tuesday.

"There must continue to be economic reform because Japan's economy is so important to the world, and most particularly to our region, and Hashimoto introduced many significant reforms," Howard told reporters.

"I'm quite certain that there will continue to be an expectation of continued economic reform in Japan and the world will look to Hashimoto's successor to continue that process," Hashimoto resigned Monday in the wake of his ruling Liberal Democratic Party's defeat in weekend elections for Japan's upper house, attributed to anger over the ailing economy.

Howard said he would miss Hashimoto, whom he had worked with to further improve relations between the two nations.