

SANYO
Colour TV
Sole Distributor in Bangladesh
Transfin Trading Limited
100, Kazi Nazrul Islam Avenue, Dhaka-1215
Tel: 815307-10, Fax: 813062

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'Developing states should not be pushed into liberalisation'

BOMBAY, July 19: Developing countries should not be pushed or pressurised into "premature" financial liberalisation in the wake of the Asian economic crisis, a top banker said yesterday night that developing countries should not be denied the option of protecting their economies from international financial instability and volatile speculative capital flows, reports AFP.

"After all mature capitalist countries in Europe like France and Italy took a very long time until they adopted full convertibility of the capital account of balance of payments," he said.

Ricupero, a former finance minister of Brazil, said the Asian crisis was deepening.

"Economic growth and exports are slowing down in China, alongside a decline in prices for the seventh consecutive month."

"In Hong Kong, the first quarter of 1998 recorded a two per cent drop in gross domestic product (GDP)."

"As a result of recession and the continuous depreciation of the yen in Japan, Pakistan has devalued for the second time in nine months, the Australian dollar has fallen."

"An Australian commodity export will probably fall for the first time in 20 years, leading to a current account deficit expected to exceed 6.5 per cent of GDP... Taiwan recorded its first quarterly trade deficit in 17 years."

"He said the financial picture continues to be 'sombre'. Last year the East Asian region suffered a net loss in capital flows of 109 billion dollars, equivalent to 11 per cent of regional GDP," he said.

Ricupero said the poor had been hit the most.

"Decades of rising incomes have been reversed and unemployment underemployment and poverty are rising to alarming levels," he said.

"More than the large conglomerates it is the small and medium-sized firms that are being decimated by the full impact of the credit crunch and the high level of interest rates."

"The UNCTAD chief said the proportion of the Indonesian population living below the official poverty line in 1998 was expected to be 50 per cent greater than in 1996."

Netrakona Poura budget announced

From Our Correspondent
NETRAKONA, July 19: Netrakona Pourasava has approved Taka 11 crore 3 lakh 92 thousand budget for the fiscal year 1998-99.

Pourasava chairman, Matiur Rahman Khan, announced the budget at a press conference recently.

No new tax was imposed in the budget.

The budget shows a surplus of Taka 26.047.

Taka 94,05,082 will be earned from its own resource and the rest amount will come from the government grants and other sources, the chairman said.

Over Taka nine crore would be spent for the implementation of a package of infrastructure development programmes in different areas of the pourashava, the pourashava chairman added.

Load-shedding costs
Khulna zone BJMC units Tk 16cr

From Our Correspondent
JESSORE, July 19: All nationalised jute mills under BJMC in the Khulna zone suffered production losses over Tk 16 crore following government ban on the use of power for 33 days during the World Cup football 1998.

The government in an order had imposed restrictions on use of power in all industrial units, business firms and private commercial houses from 7 to 11 pm throughout the country.

According to sources, production in all these mills remained suspended for a total of 165 working hours due to the ban incurring production loss of 3620 tons or Tk 16.5 crore.

It may be mentioned here that the production capacity of these mills is 28 tonnes, which is Tk 10 lakh per hour on an average. The production at these mills had to be kept suspended for five hours a day.

The jute mills which were affected are Aaleem Jute Mill, Carpeting Jute Mill, Crescent Jute Mill, Daulatpur Jute Mill, Eastern Jute Mill, Jessore Jute Industries, Platinum Jute Mill, Jubilee Jute Mill, Kawami Jute Mill and Star Jute Mill.

Due to power crisis in the fiscal 1996-97, these mills also incurred production losses of 11,782 tonnes equivalent to Tk 37 crore and 47 thousand.

The total power requirement in the Khulna zone is 225 megawatt per day. But the current supply position can only meet 50 per cent of the total demand.

During the last few months, load-shedding in the zone surged to an all-time high, adversely affecting private business enterprises.

Danger ahead if ports remain clogged, business leaders warn

Star Business Report

Business leaders yesterday pointed their fingers at inefficient operation of ports, which so often become paralysed because of workers' strike. They warned against the danger looming over the country's external trade which could hurt the economy badly.

They also sought immediate government action to ease the situation. At the same time, they said the power situation must be improved and red tape reduced to bring about the desired economic growth.

They were speaking at a business conference at Sonargaon Hotel yesterday which was inaugurated by Prime Minister Sheikh Hasina.

Yousuf Abdullah Haroon, President of FBCCI, welcomed the budgetary steps to protect local industries and rehabilitate the sick industries. He said the necessary action in this regard should start soon.

He also lauded different steps by the government in areas of politics, economy, infrastructure development, banking and investment.

He analysed the current economic situation of the country and looked into the allegations by some businessmen that the economy was performing low.

Haroon said those industrialists who had failed in the face of rapid trade liberalisation

were now frustrated. On the other hand, the onslaught of smuggling had also pushed many industrialists and businessmen to a corner who also have a negative view about the economy, he said.

He said there had been a 'false flash' in the economy because of easy money coming out of banks and corruption.

"Because of strict loan disbursement policy, money circulation has now reduced," Haroon said.

He also said there was a net deficit in rural financing, giving a picture of economic downturn.

Haroon noted that the traffic jam and pollution in the Dhaka city had become worse in recent days. He identified the lack of parking space as the reason for congestion.

He said time had come to introduce commercial parking spaces and also urged the government to import lead free petrol in future to reduce lead content in the air.

Kamaluddin Ahmed, president of Chittagong Chamber of Commerce and Industry (CCCI), identified the unstable situation in the Chittagong port as the main obstacle for economic development.

"Work stoppage is now an everyday affair in the port vi-

olting labour law. It is now essential that the workers and employees of the port are kept above any political influence," he said.

He urged the prime minister to hold discussions with all political parties to keep the port free from politics and to welcome local and foreign private investors to invest in the development of the port.

"Otherwise, the export sector will soon face a big snag," he said.

Laila Rahman Kabir, president of Metropolitan Chamber of Commerce and Industry (MCCI), said the economy was becoming dynamic from its earlier stagnation and that power situation had improved.

She said steps must be taken immediately to stop smuggling which would otherwise squeeze employment and jeopardise revenue collection.

Mostafa Golam Qudus, president of BGMEA, sought more policy support for the apparel sector to compete in the world market.

He said steps should be taken to allow opening of 'sight LC' instead of the existing back-to-back LC so that garments manufacturers can reduce their cost of import and at the same time reduce the lead time.

He also demanded steps to

streamline functioning of the Chittagong port and the activities at the ports should be declared "essential service".

Abdul Awal Mintu, chairman of Bangladesh Association of Banks, said administrative rules and policies, expenditure and availability of capital, duty and tax, labour law, privatisation process and market-oriented policies and government incentives were the important factors for private entrepreneurs.

If any changes to these policies increase the expenses in the business sector, it will make the entrepreneurs reluctant in setting up new industries, he said.

"Bangladesh is the best example of complex and slow bureaucracy," he noted. "No entrepreneur will take risk if he does not find it profitable," he said adding that it will not be possible to achieve a sustainable growth and national development without increasing investment.

Dhaka Chamber of Commerce and Industry President Rashid Maksud Khan said the economic recession in Asia and other parts of the world had not yet touched on the Bangladesh economy. The government and all concerned should remain alert so that the turmoil cannot affect our economy," said Khan.

Indian stocks likely to rise next week

BOMBAY, July 19: Indian stocks are expected to rise next week after parliament voted in the national budget for the fiscal year to March 1999, brokers said here, reports AFP.

They said several amendments made in the budget by Finance Minister Yashwant Sinha had cheered the market.

Sinha on Saturday announced cuts in duty worth 66 million dollars affecting various products including cheese, butter, milk powder and tea.

He also announced concessions for the textile sector and with reports and withdrew a service tax imposed on tour operators.

ICB officers' foundation course ends

A month-long foundation course for the officers of Investment Corporation of Bangladesh (ICB) was concluded at the Bangladesh Institute of Bank Management (BIBM) yesterday, says a press release.

The course was designed to familiarise the officers of ICB with the institutional and legal framework of Security Market and to acquaint them with the investment Banking activities including rapid changes that have been taking place in global financial environment.

The closing session of the course was presided over by Dr. Muinul Islam, Director General, BIBM.

World Bank official says

Woo foreign portfolio investment to feed capital-hungry local businesses

Star Business Report

The World Bank Country Director Pierre Landell-Mills yesterday said that foreign portfolio investment was essential to boost the capital-hungry Bangladeshi companies.

He said that foreign portfolio investment would come once there was an Automated Central Depository System followed by adoption of accounting standards acceptable to foreign investors.

He also recommended setting up a secondary loan market as the government was likely to finalise new formats for treasury bills and bonds to facilitate their transfer from seller to buyer, issuance of two-year to five-year government bonds and the mechanism of allowing insurance companies to participate in the bidding for these instruments.

He also suggested strengthening the regulatory body, the

Securities and Exchange Commission (SEC). "This is another matter where the reform process is unnecessarily slow. No financial institution of this kind can operate satisfactorily without highly skilled and experienced individuals."

"Private foreign investment is not only an obvious additional source to make up for the shortfall, it is in fact the only source," Landell-Mills said.

Landell-Mills was speaking as chief guest at the inauguration ceremony of the Chittagong Stock Exchange (CSE) library.

Amir Khosru Mahmud Chowdhury, MP, the CSE President, said information was the basic raw material in any business decision making. "And in case of capital market it is the life blood."

"Information is the prime fundamental requirement for

an individual as well as for an institutional investor to make any investment decision."

"Therefore, adequate information must always be available to the investors. But the scenario in Bangladesh was quite disappointing," he said.

He said the CSE had been very keen from the very beginning to address the issue.

"And establishment of the library was just another demonstration of CSE's good intentions to disseminate information to investors."

Chief Executive Officer AGM Shamsul Kamal briefed the gathering about the activities of the CSE and its future plans while former Director Salahuddin Kashem gave the vote of thanks.

Later, Pierre Landell Mills opened the library cutting a color ribbon.



Managing Director of ICB S A Chowdhury (3rd-L) yesterday distributed certificates among the participants of a month-long foundation course conducted by Bangladesh Institute of Bank Management for the ICB officers.

Pakistan raises petrol price

ISLAMABAD, July 19: Cash-strapped Pakistan yesterday hiked petrol prices by 25 per cent to combat the impact of nuclear sanctions, an official spokesman announced, reports AFP.

The increase will fetch 10 billion (217 million dollars) in revenues to the national exchequer, the spokesman, Hafiz Pasha, told reporters after a cabinet meeting chaired by Prime Minister Nawaz Sharif.

Pasha estimated the total financial gap resulting from the sanctions imposed by the United States, Japan and other major industrialised countries against Pakistan would reach 20 billion rupees (434 million dollars).

The remaining gap will be covered through cuts in government expenditure and other

austerity measures, said Pasha, who heads the country's Economic Planning Commission.

The prices of diesel fuel, furnace oil and kerosine oil have not been increased to share the common man from hardship, he said.

He said the cabinet had approved a "comprehensive" package to cope with the financial situation arising from the sanctions, which would be announced by the Prime Minister soon in a broadcast to the nation.

But the package will not contain any further tax of fiscal move to expand the revenue base, he said.

Pakistan and India conducted tit-for-tat nuclear tests in May, sparking international condemnations and sanctions from western countries.

Majestic, Green Air sign joint venture accord

Star Business Report

Green Air International Ltd, a new cargo airline based in Dhaka, signed a joint venture agreement with Majestic Air, a Dubai-based international cargo airline, to operate cargo flights from Dhaka.

According to a press statement, Hedayat Ahmed, chairman of Green Air and Abdul Hashem of Majestic Air initialled the agreement on behalf of their respective sides recently.

Consul General of Bangladesh at Dubai consulate was also present at accord signing ceremony.

Cox's Bazar salt producers face problems

COX'S BAZAR, July 19: Local producers have been facing a lot of problems due to the decision to import salt by the government and influx of smuggled salt from Myanmar causing sharp decline in the price.

According to BSCIC, some 8.5 lakh metric tons of salt were produced in the district which was 50,000 metric tons short of target.

But the producers differed with the figure and said some nine lakh metric tons of salt were produced during this period, although its cultivations was hampered a little due to the unfavourable weather.

There is a stock of one lakh MT of salt produced last year, they said adding that some 50,000 MT of salt would be excess after meeting the present demand.

The owners and producers expressed concern over the decision of the government to import 10,000 MT of salt for buffer stock.

They said non-rectified salt is being sold at Tk 40 per maund when its production cost is Tk 80.

They called upon the government to meet up the targeted buffer stock of 20,000 MT from their surplus production.

US will donate surplus wheat to hungry states

LITTLE ROCK, July 19: The US government will buy 250 million dollars worth of surplus wheat and donate it to hungry countries to help shore up falling US crop prices, President Bill Clinton said in his weekly radio address yesterday, reports Reuters.

The president said the government will begin in days to buy more than 80 million bushels (2.5 million metric tons) of wheat, which he said could boost depressed wheat prices by as much as 13 cents per bushel.

Average farm-gate prices for US wheat are down for the third year in a row, estimated at 2.70 dollars to 3.10 dollar per bushel compared with 4.55 dollar in the 1995-1996 sales year.

"With the economic crisis in Asia weakening some of our best customers for farm products, and with strong world crop production bringing prices down, and with farmers facing floods and fires and drought and crop disease, our farmers face a difficult and dangerous moment," Clinton said. The address was recorded on Friday evening during a visit by the president to his native Arkansas.

Clinton said he was taking the steps to shore up a "safety net," under an overhaul of US farm legislation which he reluctantly signed in 1996. The legislation did away with many

traditional subsidies linked to crop production — replacing them with guaranteed payments that decline over time — and granted farmers more leeway over decisions on what to grow.

"Sooner or later prices were bound to fall so low that we would need that safety net. That day has come," he said.

"America's farm families face a crisis, and we have an obligation to help."

A fact sheet distributed by the White House said farmers will receive 2.3 billion dollars less for their crops in 1998 than they did in 1996.

Vietnam reports record cotton production

HANOI, July 19: Vietnam harvested 11,000 tonnes of cotton in the 1997-98 season, two per cent up over the previous period and a record high for the past 10 years a Vietnam Cotton Co official said here, reports AFP.

The official said the country plans to nearly double the crop area from 15,000 hectares in 1997-98 to 28,000 hectares in 1998-99.

Local production meets 10 per cent of Vietnam's textile industry needs.

business tips

COMMUNICATION HOW TO TALK TO YOUR BOSS

How do you really communicate with the person who signs your paycheck? *Industry Week* magazine prescribes one rule: Never "shoot from the hip." Careful planning, which involves scheduling a meeting time and providing solutions rather than complaints, is key to successful communication.

Also important: focus the conversation on the problem, not the person.

FINANCIAL MANAGEMENT A PAINLESS WAY TO COLLECT DEBTS

Let's say you've got a big, bad one. You've written several letters, called a number of times. Now you're convinced it isn't going to be easy. What should you do?

Go and see the debtor, suggests Jim Heath, author of *How to Collect Business Debts*. Make an appointment with the credit manager. If you get a lot of excuses, just go without an appointment and plop down in the reception. Take something to read or even a laptop PC and do some work. Sooner or later, someone will see you. Then you'll either get a check or you'll find out what you're really up against.

However, if big debtors are in financial trouble and you push them hard, they might find something "wrong" with your product or service and offer partial payment. Consider their offer very seriously, says Heath. "You'll probably still end up with a profit on the deal."

MANAGING PEOPLE MORALE PROBLEM? LOOK IN THE MIRROR

Conditions affecting morale are varied and complex. If you're wrestling with this issue, find guidance by pondering these questions posed by the Clemmer Group (<http://www.clemmer-group.com>):

*Does your performance appraisal system hold people accountable for results that depend on a bigger process than they control?

*Do reward systems encourage high performance?

*Do you aggressively measure those factors with the highest impact on customers and employees?

*Is everyone in your organization well trained, informed, and involved?

*Are people and leadership skills key criteria in all promotions?

The most important question of all: *How do you know?* Get the people whose morale and motivation you're concerned about to answer these questions.

CAREERS CAN MOTHERS AFFORD TO QUIT?

For working mothers, the decision to stop working even for a short time is fraught with numerous concerns: Can the family get along without their paycheck? Will they be able to get back into the workforce at the level they want? Would they go crazy being home with the kids all day?

Unfortunately, there are no immediate answers, except to the question that weighs heaviest: What's best for the children? Research has consistently shown that the key factor in children's well-being is the mother's happiness with what she's doing, whether that's staying home or working outside it, reports *Redbook* magazine.

MANAGERIAL SKILLS ONCE IS ENOUGH

The ability to make a solid decision the first time is a mark of a great manager. Revisiting the issue unnecessarily interferes not only with your execution, but also with your motivation to make a decision in the first place, cautions Microsoft chairman and CEO Bill Gates in his column in *Computer News Daily* (<http://computernewsdaily.com>). After all, why bother deciding an issue if it isn't already decided?

MARKETING A DAILY BENEFIT

Marketing a high-priced item or service? Divide the purchase amount by 365 to determine the "per-day cost," recommends Idea Site for Business (<http://www.ideasiteforbusiness.com/>). This may be easier for the prospect to swallow — and for you to sell.

Probe Soft Spots
Candid answers to these hard questions can reveal soft spots in your marketing plans:

*Where have you looked in the past month for innovative marketing ideas?

*Does your plan include "extras" that increase the difference between you and the competition?

*Are you using technology to support your strategy?

*Have you added any new products or services this year? If not, why not? If yes, have you added enough to keep your customers from going elsewhere? — *From Communication Briefings*

ENTREPRENEURSHIP THE SIZE IS RIGHT

In choosing a point of sale system — a platform to record data and review the results, enabling you to make more educated price-change decisions — the first question to ask is, "Do you want or need one?" There's a big difference between "want" and "need." If you have a small operation, it may not be worth the expense, explains retail development and management expert Arthur Viente in *Women's Work* (<http://www.womenswork.com/>). If you generate volume over \$300,000 annually or you have more than one location, then some consideration may be warranted.

For other retail-oriented questions, contact Viente at Aviente@aol.com

MANAGING THE OFFICE EXPRESS-DELIVERY FRAUD WARNING

Overnight delivery bills may fall into the wrong hands, and then be used to make personal shipments that are charged back to the company. *Bottom Line/Business* offers this self-defence: Obtain a monthly list of shipments from the company's express carrier and compare it with the company's own up-to-date listing of express shipments. Identify discrepancies, and who signed for them.

ORGANISATIONS A MATTER OF TRUST

A company's fiscal well-being is protected primarily by one factor: honest people. Whether we want to admit it or not, secretaries, clerks, and assistants all wield enormous power, according to *The CEO Refresher* (<http://www.refresher.com/>). Often they're entrusted with the details of larger issues, seeing to it that management's directives are carried out. For the most part, they don't steal, pilage, or distort information for their own benefit.

Therefore, try to rethink your elaborate systems of checks and balances, internal controls, by their very nature, engender mistrust. The fewer controls imposed over a person's job, the more latitude that person has to exercise judgement and feel empowered.

LEADERSHIP USEFUL NUGGETS

What comprises good leadership? Here are two takes:

From Lao-Tzu, Chinese philosopher: "I have three precious things which I hold fast and prize. The first is gentleness; the second is frugality; the third is humility. Be gentle and you can be bold; be frugal and you can be liberal; avoid putting yourself before others and you can become a leader."

From *Leadership* (<http://www.epinc.com/>): "Take a handful of peas and handful of beans and put them in a jar. Now shake up the jar. Shake it well and you'll find that the peas will go to the bottom of the jar and the beans wind up on top. Leaders are like beans. They rise to the top when things get shook up."

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