

BB profit up by 21.49 pc

Bangladesh Bank made a profit of Tk 770.64 crore during fiscal 1997-98 which was 21.49 per cent higher than 1996-97 financial year, reports UNB.

Bank Governor Lutfar Rahman Sarkar told a meeting marking the balance sheet signature programme held at the conference room of the bank yesterday.

The bank earned Tk 634.34 crore in fiscal 1996-97. The Governor thanked officers and employees of Bangladesh Bank for the success.

Deputy governors Ataul Huq and Kondakar Ibrahim Khaled, Executive Directors, Economic Advisor, and heads of all department were present.

German grant for infrastructure development

Germany will provide 50 million Deutsche Mark to Bangladesh as grant to help develop the country's economic infrastructure, reports UNB.

German Ambassador to Bangladesh Uwe Schramm and ERD Secretary Dr AKM Moshir Rahman will sign an agreement to this effect in Dhaka on Sunday.

The projects to be implemented under the German-Bangladesh Agreement on Financial Cooperation 1997 include Hatubhanga Bridge Project in Tangail district, 5th Population and Health Programme, Cyclone Shelters and School Buildings Project and Line Locomotives project.

Its aid package involves technical assistance and 25 scholarships to continue the programme of Advanced Professional Training for Bangladesh specialists in different fields, said a press release.

Work on Tk 5b recreation complex to begin soon

CHITTAGONG, Aug 6: The construction of a Taka five billion recreation complex of International Standard, adjacent to Patenga sea beach, will begin soon, reports BSS.

A bilateral agreement to this effect was signed between the Chittagong City Corporation and Golden Bay Resort Ltd in the corporation auditorium here last night, a corporation press release said.

Chief executive of the corporation Mosharraf Hossain and Managing Director of Bay Resort Ltd Jakir Hossain signed the agreement on behalf of their respective sides.

The complex to be built over 150 acres of land, will have five star hotel, international conference centre, modern health club, seminar hall, golf club, modern children park, observation tower, commercial complex and big playground.

The construction work on the complex will be completed by the next five years, the press release said.

Initially, Taka one crore will be spent during the current fiscal year, and the remaining work will be completed in phases.

Asian crisis bites 415 Filipino workers laid off daily

MANILA, Aug 6: An average of 415 workers have been laid off daily in the Philippines over the past six months as the Asian financial crisis bites, a legislator said Wednesday, says AFP.

Congressman Ernesto Herrera, a former labour leader, said that of this number, 206 workers were permanently thrown out of jobs daily, 139 were temporarily laid off and 70 underwent job rotations.

He cited data from the labour department showing that in the six months to June, 37,217 workers lost their jobs permanently, 25,095 were laid off temporarily and 12,642 worked on reduced hours.

About 1,600 establishments shut down during the period, most from the manufacturing sector, Herrera said in a statement. Metropolitan Manila accounted for 53.4 per cent of those displaced, he added.

Business leaders will hold a workshop on August 27 to discuss ways to create more jobs for the nation's breadwinners, Miguel Varela, President of the Local Employers' Confederation said Wednesday.

Fund for long-term industrial financing awaits approval

A proposal for creating a fund for long-term industrial financing is awaiting government approval, reports UNB.

Official sources said the proposal made by a high-powered committee is now lying with the Finance Ministry.

The committee, headed by Governor of Bangladesh Bank Lutfar Rahman Sarkar, submitted the proposal late last week. The other members of the committee are Dr A Aminul Islam, Dr Devapriya Bhat-tacharya and Dr Sazzad Jahir. The Finance Ministry will take a decision in this regard soon, said an official seeking anonymity.

He said the creation of the fund is under active consideration of the government because of the dearth of funds in the banks for long and medium-

term financing. On the other hand, the specialised financing institutions for industrial financing are facing serious fund crisis because of huge default, he added.

Bangladesh Shilpa Rin Sangstha and Bangladesh Shilpa Bank are the specialised financial institutions for industrial financing. Long and medium-term financing is almost closed in these two banks.

The nationalised commercial banks are also showing less interest in long and medium-term financing because of shortage of funds resulted from huge amount of default loans.

Proposing to set an 'Industrial Development Fund', the committee in its recommendation said creation of the fund was necessary for speedy industrial development in the country.

The committee proposed that before setting up a permanent structure, the fund could primarily be regulated by an independent 'Industrial Development Fund Board of Directors' under the Bangladesh Bank.

According to its recommendations, the fund would be created from three sources. These are sale proceeds of foreign currency bonds, fund from the International Finance Corporation (IFC) and special funding by government.

However, the committee said, the fund should finally be run by a non-bank investment company. The company will be a government-private joint venture.

The company will finance in both local and foreign currency.

But it will preferably provide and realise loan in foreign currency to avoid any possible loss because of 'investment risk'.

The committee also proposed to introduce five, seven and 10-year term foreign currency bonds immediately to start collecting resources for the fund. Bangladesh's foreign currency earners or Bangladeshis living abroad permanently will be able to buy the bonds. However, bonds will also be bought by legally brought foreign currency.

Finance Minister S A M S Kibria recently at an opinion exchange meeting with the economic reporters hinted that the government is trying to manage funds for long and medium-term financing to the industries.

Two more train services go to private management

Star Business Report

Commercial activities of passenger train Karnaphuly Express running between Dhaka and Chittagong will be operated by a Chittagong-based private firm Chowdhury Associates from August 20.

A contract has been signed between Bangladesh Railway (BR) and Chowdhury Associates to this effect yesterday.

S K Habibullah, Chief Traffic Manager (East) of Bangladesh Railway and Hasan Mahmood Chowdhury, Chairman of Chowdhury Associates, signed the contract on behalf of their respective organisations, said the BR in a press statement.

Attul Hossain Khan, Director General of Bangladesh Railway, and other senior officials of Railway were present at the signing ceremony.

The commercial activities include selling and checking of tickets and ensuring cleanliness and safety of the passenger coaches.

The train will be operated with 15 coaches and Railway will earn about Tk two crore 70

lakh annually against Tk one crore 40 lakh as at present, BR added.

Earlier, Bangladesh Railway has leased out commercial activities of all the passenger trains running between Dhaka and Narayanganj.

Our Gaibandha Correspondent says: Commercial operation of Padmarag Express train - 21 Up and 22 Down - in Santaher-Lamoni-rhat section was formally handed over to a private company on Monday under a two-year lease agreement.

This is the first train service in the western railway zone which will be under private management. Angur Enterprise of Rangpur got the job.

The number of travelling passengers fell on the first day although the sale of tickets was satisfactory, reflecting the mismanagement under railway officials. While contacted, offi-

cial at Gaibandha Railway Station said that the job collected a total of Tk 3,795 from selling tickets on the day, much higher than previous revenue.

However, the private operator is yet to improve amenities for the passengers.

Power cuts have become common in Myanmar

YANGON, Aug 6: Power cuts have become a daily occurrence in Yangon as Myanmar struggles with a lack of electricity because of drought, short supplies of natural gas and an economic crisis, says AP.

An article in Thursday's state-run New Light of Myanmar said the El Nino weather phenomenon, which has been blamed for droughts in many parts of the world, was the cause.



Signing ceremony of distributorship agreement between Capital Cab Company and Daewoo Corporation for marketing taxi cab in Bangladesh. — Star photo

Marketing taxi cab Capital Cab, Daewoo Corp sign accord

Capital Cab Company Ltd, Bangladesh, and Daewoo Corporation, Korea signed a distributorship agreement to market Daewoo Motor vehicles as taxi cab in Bangladesh at a local hotel yesterday.

Muzaffar U Siddique, Chairman and Managing Director, Capital Cab Company, and Byung-Kwan Min, Director, Daewoo Corporation (Motor Vehicles), signed the agreement on behalf of their respective companies.

Chairman of BRTC, Md Azmal Chowdhury, and Managing Director of Daewoo (Bangladesh) Ltd, Chan Kun Han also attended the signing ceremony, says a press release.

As per agreement, Capital Cab will market Cielo brand 1500 c.c. fully loaded AC sedan to implement taxi service in Dhaka. These taxi cabs are to be inducted around mid-September. All these taxis will be equipped with centrally controlled Motorola radio systems for the safety and security of the passengers and smooth operation in the metropolitan area.

Nick Leeson badly ill with cancer

SINGAPORE, Aug 6: Nick Leeson, the former futures trader whose deals in Singapore brought down Britain's oldest merchant bank Barings, is seriously ill with cancer, the British High Commission and today, reports Reuter.

"We can confirm that he is in the prison hospital and is seriously ill," a high commission spokesman told the agency. The spokesman said doctors "earlier this week" diagnosed cancer of the colon, and Leeson was moved to the hospital wing of Changiprisson, where he had been visited by British consular officials.

Leeson, 31, whose unauthorised derivatives trades broke Barings, is serving a six and a half years jail term for fraud that began in December 1995.

"His lawyer is in the process of applying for early release on medical and compassionate grounds so that he can be close to his family," the spokesman said.

No details were disclosed about the medical treatment Leeson has received so far nor the progress of the disease.

Pakistan may win \$ 1.5b IDB rescue package

KARACHI, Aug 6: Pakistan is expected to win a rescue package of up to 1.5 billion dollars from the Islamic Development Bank (IDB) this week to overcome a cash crunch caused by international sanctions, banking sources said yesterday, reports AFP.

The IDB has convened a meeting of leading Islamic banking and financial institutions in Saudi Arabia from Saturday to coordinate efforts for an economic bailout of Pakistan, they said.

Finance Minister Sartaj Aziz will attend the August 8-11 meeting to discuss "various new proposals" for fresh IDB assistance, officials said.

Pakistan became the first Muslim country to explode a nuclear device in May when it responded to arch-rival India's detonations.

But the country's debt-ridden economy plunged into acute crisis when the United States and Japan slapped economic sanctions against both Pakistan and India over the nuclear

blasts. A leading banker said the rescue package worth 1.2 to 1.5 billion dollars will be a mix of loans including term finance, trade credits, rollovers of loans and cash assistance from private banks and Islamic institutions.

The IDB also plans to arrange another 500 to 800 million dollars through other Islamic banks, said the banker requesting anonymity.

Commerce Minister Ishaq Dar said the IDB had already committed 700 million dollars as direct and indirect deferred credit for the import of essential commodities by Pakistan.

Soon after the sanction were imposed, the Jeddah-based bank in June extended Pakistan's annual credit limit from 150 million dollars to 400 million this year, officials said.

Kuwait has already credited 250 million dollars to Pakistan it promised to Prime Minister Nawaz Sharif to tide over its balance of payment problems. Saturday's meeting follows

assurance of "all possible help" from Saudi Arabia and several Gulf states held out to Sharif during his whirlwind tour of the oil-rich region in June to muster financial support for his country.

Finance Minister Aziz and Chief Minister of the Punjab province, Shehbaz Sharif, visited Saudi Arabia again last month to pursue the task.

Aziz said Pakistan will need 1.5 billion dollars, as sanctions blocked new project loans from foreign donors and the International Monetary Fund (IMF) also stalled the disbursement of around 1.5 billion dollars it pledged last year.

Sources said the IMF was planning its own mission later this month to discuss the fate of the stalled credit and the possibility of a larger package for cash-strapped Pakistan.

But sources here said any new IMF lending may come with harsh conditions amid international pressure on Pakistan to sign the 1996 global nuclear Test Ban Treaty.

Exchange Rates

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

Currency	Selling TT & OD	Buying TT Clean	Selling BC	Buying OD Sight	Buying TT & OD
USD	47.3050	46.9100	47.3450	46.7570	46.6850
GBP	77.6180	76.4539	77.6837	76.2046	76.0872
DEM	26.7471	26.3599	26.7698	26.2739	26.2334
JPY	0.3278	0.3226	0.3281	0.3216	0.3211
FRF	8.0351	7.8075	8.0419	7.7821	7.7701
SAR	12.6464	12.4734	12.6571	12.4327	12.4136
MYR	11.3441	11.2637	11.3537	11.2127	11.1994
AED	12.9196	12.7334	12.9305	12.6919	12.6724
KWD	159.3834	147.9811	159.5182	147.4984	147.2713
QAR	13.0310	12.8478	13.0420	12.8059	12.7862

US dollar London Interbank Offered Rate (LIBOR) as of August 06, 1998

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
Cash	46.6850	47.3050	USD	5.6925	5.6875	5.75	5.78125
TC	46.6850	47.3050	GBP	7.6875	7.75	7.75	7.75

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.492	54.000	41.420	4.1700	12650	1328
42.502	54.300	41.490	4.1800	12750	1333

Amex notes on Thursday's market USD/BDT market was moderately active on Thursday. USD rates went up a bit and was mostly traded in the 46.98-47.02 region.

The call money rates opened at 7.75 per cent and then slid to 7 per cent because of surplus liquidity in the market. Call money rates stayed in the 7-7.5 per cent level for the most part of the day.

In the Tokyo market on Wednesday, US dollar was higher against the yen near 145 by late Tokyo trade on Thursday. Concerns over Asian currencies and the Japanese banking sector fueled active short-covering and speculative, bids in USD/JPY trading.

Earlier in New York trading, the dollar ended mixed after Japan's Finance Minister promised bigger-than expected tax cuts and US stock seessoared before finally ending modestly higher, with the New York closing level at 143.98/08 on Wednesday.

In morning Europe on Wednesday, dollar was firmer against the yen and remained unchanged against the mark. Earlier in New York, dollar/mark was down and closed at 1.7700/10.

Dow Jones Industrial Average gained 0.7 per cent and closed at 8546.78. The dollar's upmove against the yen was restricted around 145 yen as the market awaited Japanese Prime Minister Keizo Obuchi's financial policy speech on Friday.

Indian rupee weakened in the afternoon trade while forward premiums were steady around the previous closing level at 42.45/48 after opening at 42.42/45.

At 1930 local time in the international market, the USD traded at 1.7667/72 DEM, 144.53/63 JPY, 5.9192/9267 FRF, 1.4869/79 CHF, and GBP at 1.6321/31 USD.

Policy-makers change course as deflation hits Asia

SINGAPORE, Aug 6: Government policy makers across Asia are steadily changing direction as a new threat emerges to their already embattled economies — the prospect of serious deflation, reports Reuters.

Since mid-year the authorities have been loosening the tight monetary policy screws in place since the peak of the Asian crisis, and making plans to boost government spending to try to head it off.

In taking this new direction, analysts say, governments have been given a green light by the International Monetary Fund.

"Deflation is the watchword in Asia at this point," said Tim Condon, regional economist at Morgan Stanley in Hong Kong. No less a figure than Chinese

Premier Zhu Rongji openly admitted the existence of deflation in China's economy just this week.

"In view of the current situation in which there is deflation, the central government has decided to take more active fiscal policies to raise more capital and strengthen infrastructure investment," Zhu told a local newspaper on Monday.

Economists define deflation as a sustained reduction in the general level of prices. It is often, though not always, accompanied by declines in output and employment.

"It's a question of economic survival," said Chia Woon Khien, head of Asia research at Se Banken in Singapore. Over the past few weeks fi-

nance ministers and central bank governors regionwide have been announcing broadly similar measures.

Taiwan cut commercial banks' reserve requirements, resulting in a drop in passbook deposit rates by half a percentage point. The move was designed to spur the economy and bolster money market liquidity.

Malaysia cut its central bank intervention rate by 50 basis points to 10.5 per cent, effective on Monday leading at least one bank to cut its base lending rate. It had already announced a major fiscal stimulus package amounting to around three per cent of GDP.

South Korea's Finance Minister Lee Kyu-Sung said he planned to lower interest rates steadily and said the country plans to expand fiscal spending to create jobs.

Thailand's central bank governor, Chatu Mongkool, said this week there was room to stimulate the economy via monetary expansion and lower interest rates.

The Thai government is also in meetings with the IMF this week at which it has said it plans to seek permission for a much larger budget deficit. The government wants to double the fiscal deficit to two per cent of GDP from a planned one per cent target, it's likely the IMF will agree.

Even in Singapore's secretive money markets, some dealers say the authorities have been adding liquidity at the short end over the past couple of weeks by selling the Singapore dollar in a bid to get domestic interest rates down.

The only major country not being threatened by deflation at the present time is Indonesia. This week, it posted an inflation rate for the year to July of nearly 70 per cent, although output and employment are certainly declining.

Analysts say the switch to expansionary economic policies is inevitable but worry that it may not be enough. "We're seeing countries go

from extremely tight economic policies to moderately tight ones, but it still may not be sufficient to boost domestic demand," said Morgan Stanley's Condon.

Condon also warns that the price for such policies would normally be a further weakening in currency rates leading to a worsening of the situation for countries with large amounts of foreign debt.

But Se Banken's Chia said many of the economic problems that led to the original currency crisis, such as inflexible exchange rate systems and high current account deficits, have now largely disappeared and there is now much less reason for speculators to sell down Asian currencies.

Shipping Intelligence

Chittagong Port Berth Position and Performance of Vessels as on 6-8-98

Berth No	Name of vessels	Cargo	L Port Call	Local Agent	Date of Arrival	Leaving
J/1	Ma Cho	G	Sing	Litmond	19/7	17/8
J/2	Golden Yi	G	Kaus	Prog	16/7	10/8
J/3	George	Sugar/G	Sing	Seacom	20/6	6/8
J/4	Bel Air	Rice(G)	Kaki	Ancl	19/7	9/8
J/5	Eastern Mars	G	Basa	Prog	26/7	8/8
J/6	Socoril Wind	Rice(G)	Kaki	Uste	21/7	10/8
J/7	Winner	Wheat(P)	Odes	AASS	7/7	11/8
J/8	Rong Jiang	Rice(G)	Kaki	Oswl	14/5	15/8
J/9	Songlin	G	Tian	Bdship	21/7	12/8
J/10	Elang-II	Cement	Tanj	Psal	9/7	10/8
J/11	Banglar Doot	Cont	Sing	BSC	2/8	7/8
J/12	Xpress Padma	Cont	Sing	Rsl	31/7	9/8
CCT/1	M Regina	Cont	Sing	Pil(BD)	31/7	9/8
CCT/2	Prosrich	Cont	Sing	Qsel	1/8	6/8
CCT/3	Xpress Nilgiri	Cont	Sing	Baridhi	30/7	8/8
RM/14	Ryomyong	Cement	Sing	Delmure	21/5	10/8
CGJ	Helikon	C Clink	Sing	Seacom	2/8	13/8
GSJ	Adhuna Nugara-1	Cement	Tanj	Jaycee	8/7	-
TSP	Sawarwan Naree	R Phos	Hama	Seacom	18/7	8/8
RM/4	Lestandam-II	Cement	Tanj	Psal	1/8	14/8
RM/5	Port Albert	HDS/JP-1	Sing	Mstpl	2/8	6/8
DOJ	Banglar Jyoti	C Oil	-	BSC	R/A	6/8
DD	Lestari Indah	Repair	Vesa	Olam	17/7	-
DDJ/1	Tanary Star	Idle	Para	Spal	-	-
DDJ/2	Laut Tide	-	-	B Bay	R/A	7/8
RM/8	Josie	Idle	Kaki	Uste	28/4	10/8
RM/9	Banglar Kalkoli	Repair	-	BSC	R/A	15/8
Cufj Z Jin	Urea	Urea	Mong	Uste	28/7	7/8
Kafo(U)	Yong Jiang	Urea	-	R/A	6/8	-

Vessels due at outer Anchorage

Name of vessels	Date of Arrival	L Port Call	Local Agent	Cargo	Loading Port
Karla Sentosa	6/8	-	Uste	Ric(G)	-
Ocean-1	6/8	Yang	Smsl	-	-
Good Faith	6/8	-	Litmond	Sugar(G)	-
Kota Cahaya (Cont)25/7	6/8	Sing	Pil(BD)	Cont	Sing
Banglar Robi(Cont) 27/7	6/8	Sing	BSC	Cont	S