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# The Daily Star BUSINESS

DHAKA TUESDAY, AUGUST 11, 1998

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## Another train service goes private

Commercial activities of passenger train Balaka Express running between Dhaka and Mymensingh, will be operated by a private firm, OMWE from August 20, reports BSS.

A contract for this effect was signed between Bangladesh Railway (BR) and OMWE yesterday, a BR press release said.

SK Habibullah, Chief Traffic Manager of the BR and Syed Emarun Reza, Vice Chairman of OMWE signed the contract on behalf of their respective organisations.

Aukul Hossain Khan, BR Director General and other senior railway officials were present on the occasion.

Bangladesh Railway, in order to increase efficiency and operate its business on more commercial basis, has taken up a programme to associate private sector in its different activities.

Commercial activities include selling and checking of tickets and ensuring cleanliness and safety of the coaches.

Earlier, Bangladesh Railway has leased out commercial activities of two express trains and all the passenger trains of Dhaka-Narayanganj section.

From August 20 Balaka Express will run with 15 coaches as per present time schedule and railway will earn Tk. one crore 96 lakh annually against Tk one crore as at present.

## Prices of onion, garlic sharply up in Ctg

From Staff Correspondent  
CHITTAGONG, Aug 10: The price of onion has shot up by Tk 10 per kilogram in the markets here just in a week's time, market sources said.

Onion is now selling at Tk 30 per kg as against Tk 20 a week ago, the sources said.

Meanwhile, the price of garlic has also jumped to Tk 36 per kg, up from Tk 30 per kg a week ago.

The sources, however, attributed the price hike to an artificial crisis created by some hoarders in the wholesale markets.

## FDI in Lanka rises 26 pc

COLOMBO, Aug 10: Foreign direct investment (FDI) in Sri Lanka rose 26 per cent to 85 million dollars in the first six months of 1998 and is expected to cross 200 million dollars next year, the state-owned Sunday Observer said, reports Reuters.

The paper quoted chairman of the Board of Investment (BOI) Thilani Wijesinghe as saying imports of capital goods rose 26 per cent while the number of new projects launched increased by 20 per cent during the first six months of this year.

Net FDI inflows to Sri Lanka were 130 million dollars in 1997, up 51 per cent over the previous year, the government has said.

Wijesinghe told the newspaper that there was a 40 per cent growth in the number of projects approved for 1998.

"However, I should qualify this by saying that part of the reason for this dramatic growth in the number of agreements and approvals is the dramatic increase in the types of incentives available under the BOI law announced in the budget for 1998," Wijesinghe told the paper.

In its 1988 budget, Sri Lanka promoted several industries, including ceramics and glassware manufacturing, gems and jewellery, rubber-based manufacturing, light and heavy engineering and the electronics by giving tax concessions.

Wijesinghe told the Sunday Observer that in the first six months of this year 28 manufacturing projects with foreign investment started construction, of which the biggest projects were in the rubber-based manufacturing sector.

He did not give further details.

Sri Lanka signed an agreement in July for the expansion of the Colombo port with a consortium led by the local John Keells Holdings Ltd (JKH, CM) and including Britain's Peninsular and Oriental Steam Navigation Co for a 240 million dollar build, operate and transfer project.

## Indonesian economy seen shrinking 18 pc in '98

JAKARTA, Aug 10: The economy of Indonesia's capital Jakarta is expected to shrink 17.62 per cent in 1998, the first contraction in 30 years, the State Statistics Bureau (BPS) said yesterday, reports Reuters.

"Jakarta's growth this year is going to be the worst of the last 30 years. For the last three decades the capital city never suffered negative growth," BPS official Rusman Heriawan was quoted as saying by the official Antara news agency.

Growth in 1997 in the city of 10 million people was 5.01 per cent, Antara said.

# Reluctant finance ministry releases funds for loss-making textile mills

By Rafiq Hasan

Responding to the textiles minister's request, the finance ministry has approved Tk 6 crore for payment of salary arrears to workers of state-owned textile mills.

Around 15,000 workers and employees of 13 state-owned textile mills have not been getting their salaries since April this year.

Earlier, the state minister for textiles A K M Zahangir Hossain had written to the fi-

nance minister seeking allocation of Tk 9.62 crore for payment of three months' salaries to the workers. The finance minister approved Tk 6 crore in two phases for two months' pay.

Ministry sources said the finance minister, while clearing fund, expressed his disappointment over paying workers of loss-making industries. According to the sources, he said that further allocation for this purpose would need approval from the prime minister.

Bangladesh Textile Mills Corporation (BTMC) sources said salaries are due for four months and in some cases for five months in the 13 state-owned mills.

With the approved amount, the BTMC will be able to pay the salaries upto May this year. The workers will remain unpaid for another two months -- June and July.

According to the BTMC officials, the state-owned textile

mills have been facing an uneven competition with the foreign goods and private mills. As a result, they are incurring losses of crores of taka every year and are unable to pay salaries to their workers and employees.

All 19 mills under the BTMC have not been making profits. The best situation is Bhalika Textile Mill in Chittagong, which is surviving on a break even point.

# Ornament export rules still remain out of date

By Govinda Shil

It has been a decade since Aftab Ahmed received an export certificate from the government in 1987 to sell ornaments and gold jewellery in international markets. But he has failed to export even a single piece of ornament so far.

Aftab and his other colleagues in the business have travelled abroad on quite a few occasions to familiarise the foreigners with Bangladeshi jewellery. The Export Promotion Bureau, the lone government agency to promote Bangladeshi products abroad, spent thousands of dollars to shuttle jewellers to international fairs.

At least seven international fairs were participated by local jewellers without having any effective policy for ornament exports.

International fairs helped jewellers popularise their ornaments, but they have failed to prove their presence in the export market. "We do not have any pragmatic and effective policy for raw-material procurement and ornament exports," Aftab said.

Customs regulation allows import of pure gold under the bonded-warehouse system of by opening up a back-to-back LC. "But, as gold price fluctuates frequently in the bullion market, the total value of an LC also fluctuates," some jewellers said.

The export procedure hinges on tough rules related to procure gold. One cannot buy the commodity from local market

and sell it in the international market.

The current gold procurement rule says that there is a duty-free facility for importing raw-materials under Customs bonded-warehouse or back-to-back letter of credit. The regulation further says Bangladesh Bank will supply raw-materials at international prices.

Under the bonded-warehouse system, an exporter needs to pay a customs official Tk 80,000 per year for his supervision. "But goldsmiths do not have specific working hours and as a result exporters do not enjoy price competitiveness after paying Tk 80,000 to a government official," said the jewellers.

Secondly, the jewellers demand general bond system, instead of supervised bond. "We will maintain pass-books showing the use of gold and its movement. The assigned customs official may inspect any time to see for himself the pass book," said Aftab.

Jewellers say Bangladesh Bank does not have gold bars, which are 99.99 per cent pure, and that it has only gold ornament scraps seized during police or customs operations.

"I was left with only 40 per cent pure gold when I melted gold ornaments collected from Bangladesh Bank," Aftab said, adding that the dispute over the purity of gold was not yet over.

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## Thai bailout plan Canada replaces Indonesia as a lender

BANGKOK, Aug 10: Canada took Indonesia's place Monday as a lender in the 17.2 billion dollar credit line arranged for Thailand by the International Monetary Fund, says AP.

Indonesia found itself unable to meet its commitment to a 500 million dollar contribution when its own economy collapsed after the Thai programmes was arranged in August last year.

Canadian Ambassador Bernard Giroux and Bank of Thailand Governor Chatu Mongkol Sornakul signed an agreement Monday.

The Thai credit line consists of four billion dollar to come directly from the IMF, 10.5 billion dollar from bilateral pledges, and 2.7 billion dollar from the World Bank and the Asian Development Bank.

## Star of India gets World Ship Trust Award

SAN DIEGO, Aug 10: The Star of India -- the world's oldest active merchant ship -- returned to port after light winds cut short its latest voyage and received the World Ship Trust Award, a top honour for the historic preservation of ships, reports AP.

The Star of India had left its downtown berth on Sunday for a scheduled sail along the San Diego coast. A tug boat assisted the Star as it re-entered the San Diego Harbor, but the 18-sail vessel cruised on her own under the Coronado Bridge, where spectators cheered her passing, said Joseph Dittler, a spokesman for the San Diego Maritime Museum.

"It was just incredible, boats in the water, cheering and honking their horns," Dittler said.

"When you actually see her set sail, and the wind filling all those sails, you can't help but just go back in time and feel what it was like a century ago," he said.

Nine times since being restored in 1976, the Star has gone to sea, each time attracting hundreds of thousands of spectators, who lined the southern California shore from Coronado to Shelter Island to Point Loma, or trailed the old bark in small boats.

The Star was built on Britain's Isle of Man in 1863 and has circled the globe 21 times, surviving voyages around the notoriously dangerous Cape of Good Hope and Cape Horn. The Star last sailed in August 1996 during the Republican Party's national convention.

Captain of the Star of India, Richard G. Goblen (left) shows helmsman Marrill Day the course of the ship on her voyage that sent her under the Coronado Bay Bridge in San Diego for the first time in her long history. The Star of India, the world's oldest active merchant ship, received the World Ship Trust Award, a top honour for the historic preservation of ships, after the brief sail. — AP/UNB photo

## Chittagong Stock Prices

Monday's trading performance				
Company Name	Avg Rate	Prv Rate	Change	Shares Traded
National Bank	78.00	78.42	-0.42	100
IFIC Bank Ltd.	109.00	107.00	2.00	50
6th ICB MF	176.50	185.00	-8.50	10
Aziz Pipe	582.33	589.11	-6.78	30
Quasem Drycells	25.47	25.48	-0.01	15150
Anwar Galvanizing	171.50	171.50	0.00	350
Olympic Industries	233.37	232.16	1.21	300
BD Zipper	92.00	91.50	0.50	100
Wonderland Toys	61.50	62.25	-0.75	100
BD Luggage	72.00	72.38	-0.38	200
Eastern Cables Ltd	155.68	156.87	-1.19	250
Bengal Biscuit	80.88	80.82	0.07	360
Beximco Fisheries	141.00	141.00	0.00	80
AMCL (Pran)	438.00	437.33	0.67	70
Ctg Vegetable	101.50	101.17	0.33	150
Tript Industries	126.14	126.09	0.05	895
Meghna Shrimp	104.64	104.11	0.53	280
Gulf Foods Limited	92.50	94.25	-1.75	150
BOC (BD) Ltd.	113.03	112.80	0.23	200
Prime Textile	96.50	96.94	-0.44	100
Apex Weaving	69.50	70.11	-0.61	750
Apex Spinning	144.00	148.00	-4.00	140
Beximco Synthetics	197.40	199.38	-1.98	400
Beximco Knitting	152.30	152.50	-0.20	100
Padma Textile	276.75	282.96	-6.21	160
Sajib Knitwear	36.00	37.00	-1.00	600
Chic Tex Ltd.	7.91	8.00	-0.09	15300
Mono Fabrics	99.88	99.76	0.12	200
Eagles Star	8.01	8.10	-0.09	9450
Alltex Ind	62.46	62.17	0.29	1250
BD Dyeing	195.75	195.50	0.25	40
Dynamic Textile	24.50	24.76	-0.26	980
Ashraf Tex	16.91	16.90	0.01	3400
Mita Textiles	74.36	78.57	-4.21	220
Delta Millers Ltd	61.10	61.00	0.10	200
Square Pharma	772.80	773.58	-0.78	100
ACI Ltd	40.08	40.28	-0.20	22650
Beximco Pharma	67.39	67.23	0.16	187925
Reckit & Colman	118.00	118.50	-0.50	100
Ambee Pharma	38.30	38.90	-0.60	1050
Imam Buton	100.67	101.21	-0.54	150
Maq Enterprises	59.50	60.00	-0.50	50
Shine Pukur	87.39	87.60	-0.21	7200
Eastern Housing	135.86	136.26	-0.38	1400
Confidence Cement	290.00	290.27	-0.27	40
Ctg cement	716.82	718.35	-1.53	565
Meghna Cement	222.90	223.71	-0.81	250
Niley Cement Indus	167.93	169.25	-1.32	350
Apex Tannery	293.77	293.50	0.27	130
Lexco Ltd	190.00	192.69	-2.69	40
Excelsior Shoes	58.00	58.41	-0.41	100
Usmania Glass	423.00	426.00	-3.00	5
Beximco	72.85	72.98	-0.08	200
RH Ball Pen Ltd	23.06	23.14	-0.08	10500
FU-Wang Ceramic Ind	131.00	132.05	-1.05	200
Janata Insurance	108.50	113.00	-4.50	40
Central Insurance	219.80	216.00	3.80	100
BGIC	325.00	325.00	0.00	20

CSE at a glance	
CSE All Securities Price Index	277.57
Day's Change in Points	-0.42
Day's Change in Percent(%)	-0.1511
Turnover in Value (Taka)	16,976,155.00
Turnover in Volume	285,280
Total Issued Capital (Taka)	23,639,670,590.00
Total Market Capital (Taka)	48,448,422,385.17
Total Market Capital(US\$)	1,041,901,556.67
Total Number of Contracts	718
Total Issues Traded	58
Issues Gained	17
Issues Declined	38
Issues Unchanged	3
Total Listed Securities	144

## Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients					
Currency	Selling TT & OD	Buying TT Clean	Selling OD Sight	Buying OD Sight	Buying TT & OD
USD	47.5050	46.9100	47.3450	46.7570	46.6850
GBP	77.2869	76.1255	77.3523	75.8773	75.7604
DEM	26.6657	26.2801	26.6883	26.1944	26.1541
JPY	0.3247	0.3196	0.3250	0.3186	0.3181
FRF	8.0090	7.7827	8.0157	7.7573	7.7453
SAR	12.6464	12.4727	12.6571	12.4321	12.4129
MYR	11.1964	11.1029	11.2059	11.0667	11.0497
AED	12.9153	12.7362	12.9263	12.6947	12.6751
KWD	159.2600	147.9204	159.3947	147.4380	147.2109
QAR	13.0317	12.8485	13.0427	12.8066	12.7869

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) as of August 10, 1998						
Buying	Selling	Currency	1 Month	3 Months	6 Months	
Cash	46.6850	47.3050	USD	5.6525	5.6875	5.71875
TC	46.6850	47.3050	GBP	7.625	7.6875	7.76875

Exchange rates of some Asian currencies against US dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.660/42.680	54.050/54.250	41.800/41.870	4.2250/4.2350	12850/13050	1335/1345

**Amex notes on Monday's market**  
There has been no change in the erratic USD sales against the BDT. Efforts by market makers have kept the exchange rate up, and a rise in forward sales of USD also helped the process. USD/BDT traded mostly within a range of 46.9800 to 47.0200.

The call money market was active on Monday. Funds were transferred from the nationalised commercial banks to different parts of the country for different situations related to flood in the country.

The banking sector in Bangladesh is under consistent pressure to adopt the latest ways of doing banking. Under globalization, the Bangladesh economy is gradually integrating with world market. After WTO, the country has no option but to modernise the banking and financial sectors. If it fails to do so, it risks missing the bus to enter the world financial market and be marginalised. As a matter of fact, mere mechanisation will not do. There are more things that need to be taken care of when it comes to electronic banking and management of information technology.

It is easier for the foreign banks to access the latest technologies and techniques as an extension of the system from their headquarters abroad. They have successfully emerged as major players in Bangladesh economy with their modern technologies and gadgets. The newly emerging commercial banks in the private sector in Bangladesh are starting their operations under computerised systems and are adopting sophisticated measures for improved management of information technology and gradually entering the era of electronic banking.

The situation is rather different with the Nationalised Commercial Banks (NCBs) and

# Making banks IT-friendly

## A senior banker warns against risks of "improper implementation" of electronic banking systems

By M Taheruddin

Private Sector Commercial Banks (PCBs). It is a gigantic task for the NCBs to mechanise their operations involving a large number of branches spread all over the country. A significant number of branches of NCBs has already been put under computer network. Although the number of branches under computer is still small, these branches account for bulk of the volume of their total business. The NCBs have taken steps for improving information management through introduction of computerised systems in their departments at the head office level. They are also making arrangements for expeditious remittance of wage earners' funds through electronic banking. In this direction, they have taken a number of steps, including arrangements with foreign institu-

tions.

Among the PCBs which came into being in the early eighties, stages of mechanisation are different for different banks. Some are quite advanced and reached the level of Automated Teller Machines (ATMs) and are in the process of updating their position to keep pace with the existing level of electronic banking. Others are in the process of introducing computer network in the branches and are taking preliminary steps to electronic banking. Apparently most of the banks are yet to establish required infrastructure for full-scale electronic banking.

The banking software locally-developed and available at this moment has taken the form of the traditional manual systems. One should appreciate

their contribution towards computerization of the banking operation. However a banking software package should be designed to develop integrated system that can handle the full range of banking and financial services from the front desk to the general ledger to meet the present and future customer service needs. The existing banking softwares in use by most of the local banks are not efficient enough to handle full range of services. Most of the locally-developed softwares do not have modules to interface with the delivery channels of the electronic banking.

Communication network offered by BT&T is not fully responsive to the needs of electronic banking. Most users are not satisfied with the Dial-up and Leased Line services of BT&T. VSAT/Radio-Link are

now being used in a very limited way. Switching systems which are in fact exchange systems for communications of data between delivery channels and the host computer are essential for electronic banking. But switching systems have yet to be installed in Bangladesh.

If implemented improperly, automated banking systems can drain the country's resources, confuse the customers and pose financial risk. But if chosen wisely and systems designed with internal and external customers in mind, the banks here can turn their IT departments into a competitive weapon. All that needs to be done is to increase efficiency, minimise costs, boost market share and measure and manage risk. For effective and efficient implementation of IT and electronic

banking in Bangladesh the following recommendations may be considered: