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DHAKA, THURSDAY, SEPTEMBER 10, 1998

## BOI okays four investment proposals

The Board of Investment (BOI) has approved four investment proposals for registration with a total investment of Tk 3,104.23 million equivalent to \$65.35 million, reports UNB.

The Executive Council of BOI gave the approval at a meeting held with BOI Executive Chairman Farooq Sobhan in the chair yesterday.

The approved projects are under hospital, bottling of LP gas, dyeing, printing, bleaching and spinning sectors where Sri Lanka and India will invest.

After full implementation, these projects would create 1,771 employment opportunities, said a press release.

## Half-yearly profit of Uttara Bank rises by 43pc

The half-yearly profit of Uttara Bank Limited has increased by 42.99 per cent this year.

The bank made a profit of Tk 16.53 crore in six months to June this year as against Tk 11.56 crore earned during the corresponding period of the previous year, said the bank in a press statement received Tuesday.

The bank's deposit stood at Tk 1650.24 crore and the advances amounted to Tk 1430.93 crore in June last year. The deposit was Tk 1515.70 crore and advances Tk 1224.77 crore.

The bank handled Tk 1228.97 crore worth of export and import business during the first six months of this year, which was Tk 788.95 crore during the same period of 1997, registering a growth of 55.77 per cent.

The bank also handled Tk 152.27 crore home remittance from non-resident Bangladeshis which was Tk 128.86 crore during the corresponding period of the previous year.

It distributed Tk 15.81 crore to 6,500 consumers till June this year under UTTARAN, a consumer credit scheme. The rate of recovery under this programme is 100 per cent, the statement said.

The bank also disbursed Tk 36 lakh among 142 small farmers under the Special Credit Scheme for purchasing 109 cows and 33 generators through its Bhagalpur branch in Kishoregonj.

## Tk 4.56 cr SB agri loans disbursed in Netrakona

From Our Correspondent

NETRAKONA, Sept 9: Sonali Bank disbursed Tk 4.56 crore as loans during the '97-98 fiscal year in 10 thanas of the district.

The bank's AGM for Netrakona region told this correspondent that the loan was distributed among marginal farmers for the cultivation of crops, poultry farms, dairy farms, landless women programmes and fisheries projects.

The bank has meanwhile, recovered Tk 3.23 crore from the loanes during the same period.

Besides the government has sanctioned Tk 5.2 crore for the current fiscal (1998-1999), which will be distributed among the farmers as agricultural loans.

## New chairman of Sadharan Bima

Star Business Report



Ziauddin did his Masters Degree in Commerce from the Dhaka University. He joined in the then Pakistan Audit & Accounts services in 1965. During his service, he held a number of responsible positions in the Ministry of Finance, Defence, Commerce and Energy and Mineral Resources.

Ziauddin also worked as chairman of Bangladesh Tariff Commission and as Director General of Bangladesh Manpower and Training Bureau.

## Simplify reporting system, classification manual, says reform body Rid banks of 'redundant' work

By Toufique Imrose Khalidi

Banks in Bangladesh are burdened with too much "unnecessary" and "expensive" work. The Bank Reform Committee (BRC) says the existing rules require them to furnish the regulator Bangladesh Bank with too many data and statistics, many of which are "redundant".

In a review, BRC suggests a drastic reduction in the "workload" for banks through "forms rationalisation". It has recommended a separate committee which will also prepare necessary guidelines and manual for reporting by banks.

"According to Bangladesh Bank requirement, banks have to supply numerous statements and data in such high frequency as weekly, fortnightly, monthly, quarterly, half-yearly and annually," the BRC said. "The workload seems to be excessive."

"The Committee believes that a lot of time and expenses may be reduced through forms rationalisation."

According to the reform committee, there are also quite a few faulty arrangements in the existing reporting system. "Different departments of the central bank collect information from the commercial and other banks, but there are wide discrepancies in the data compiled by them," a BRC member said, quoting the committee findings.

"There is also a lack of coordination among the central bank departments, and the same information is collected by them separately," the BRC member said.

Some of the forms have become "redundant" and some data have no end use, but have

not been done away with the change in operational systems, the committee points out.

The BRC has criticised the loan classification manual of the central bank and said it should be simplified. "The forms and the process of filling them in are unnecessarily complicated."

"For one loan, in some cases, there are as many as 63 discrepancies in the data compiled by them," the BRC said in its report, recommending simplification of classification procedures.

The loan classification activity should be done on quarterly basis instead of the annual process. "An on-line communication between CIB and each bank can make the information collection and supply system much quicker and easier."

commercial banks and for a more efficient management of its data base.

Currently, CIB, set up in 1992 as part of financial sector reforms, collects information from different banks on loans of Tk 10 lakh and above. The Bureau also provides information to other banks on such borrowers when necessary.

The number of borrowers in the entire banking system is above 50 lakh. But those falling under CIB monitoring total only 42,000.

The BRC says quick and timely flow of such information will help banks' loan approval process. "An on-line communication between CIB and each bank can make the information collection and supply system much quicker and easier."

## Better demand marks Ctg tea auction

CHITTAGONG, Sept 9: The weekly tea sale here yesterday marked better demand following improved enquiry from Pakistan for clean brokens and selected fannings, reports BSS.

According to market sources, Polish buyers also lent active support but at the lower rates while Afghanistan was absent from the market, internal buyers operated selectively but there was useful support from blenders.

Dusts category met with fair satisfactory market with good liquoring types being slightly dearer, the sources said.

Bold and large brokens met with a fair demand but lower rates selling mostly between Taka 57/- and Taka 58/-, cleans, medium and small brokens were strongly sought after and sold at Taka five to Taka eight above last levels, but proper types were easier by Taka two to

Taka four per kg. Fannings met with a better demand but at easier rates, declining by Taka two to Taka four below last levels, however a few selected lines were firm to slightly dearer following quality.

Some 240 chests of green tea were on offer which met with less demand, hysons sold at Taka 91/- and fine young hyson at Taka 98/-, young hyson were withdrawn owing to low bids, the sources said.

A total of 789 chests, 1349 gunny sacks of dusts were offered which met with better demand, well made red dusts and dusts sold well at fully firm to dearer level, all other were easier by up to Taka five following quality.

Internal buyers lent a fairly good support. In all, 14,130 chests, 8,374 gunny sacks were offered in the sale, the sources added.

## Business Briefs

### Jordan gets \$63m Japanese grant

AMMAN: Japan has granted Jordan 7.4 billion yen (\$63 million) to rehabilitate a water treatment plant and double water supply to the capital, the Japanese Embassy said Sunday.

The donation follows \$11.3 million that Tokyo dispersed in May to the northwestern Zai water treatment plant, one of Amman's main sources of drinking water.

Amman is home to 40 per cent of the country's 3.8 million population. A Japanese Embassy statement said the latest grant was agreed upon Saturday.

It said the money will be used to restore four pumping stations linking Zai with water wells in Deir Alla farther north, doubling to 90 million cubic meters (3.2 billion cubic feet) the annual water supply to Amman in the year 2002.

The grant also envisages dispatching Jordanian water officials to Japan for training, the statement added. The grant brings total Japanese donations to Jordan's water sector since 1995 to 150 million.

### Egyptian oil output down

CAIRO: Egypt's oil production for the fiscal year that ended June 30 dropped by more than a million tons, or about 3 per cent, from the previous year, Al-Gomhuriya newspaper said Tuesday.

Egypt produced 40.7 million tons of crude in the 1997-98 fiscal year, compared with 41.78 million tons in the previous year, the paper said, quoting the state-run Egyptian General Petroleum Co. It said net income for the year was \$434 million.

No reason was given for the decrease. But Egypt has a number of old wells from which production is dropping; and it agreed to a limited cutback in cooperation with the Organization of Petroleum Exporting Countries.

The paper said that natural gas production rose 3 per cent in the fiscal year that ended June 30 to the equivalent of 13.24 million tons of oil.

It said refinery output rose to 29.24 million tons from 28.27 million tons.

### Neighbours may gain from Russian crisis

WARSAW, [Poland]: Four nearly 50 years, Moscow ran the show in eastern Europe, dictating economic policy to its satellites. Now the little guys are showing the way.

As Russia reels from an economic crisis that threatens social disorder, its communist-era allies such as Poland, Hungary and the Czech Republic prepare to reap the benefits of their neighbour's distress.

Economists praise the basics of their economies — sufficient reserves, manageable debt, strong trade — as the three pre-conditions to join NATO next year and negotiate to become members of the European Union.

Looking back at how the region responded to the collapse of the Soviet empire, some answers to how the western-most states can maintain stability amid the Russian crisis.

A major difference between Russia and its former satellites was the speed of reforms and the commitment to embracing them.

Russia's reforms never took root as firmly across the vast country, blocked or slowed by corruption and Communists and their allies. Industrial production, which deteriorated badly at the end of the Soviet era due to the fall of world oil prices, failed to build up again during the 1990s. And the oil- and energy-dependent economy again fell victim to a plunging oil market this year, setting up this summer's crisis.

### Gulf Air, Royal Air Maroc sign deal

MANAMA: Bahrain-based Gulf Air signed an agreement Sunday with Morocco's Royal Air Maroc to enable the two Arab carriers to jointly operate direct flights between the Gulf and North Africa.

The "code sharing agreement," the first of its kind among Arab carriers, will result in three weekly flights operated jointly by the two airlines between Abu Dhabi, United Arab Emirates, and Casablanca, Morocco, said a Gulf Air statement.

According to the agreement, the companies will share the profit or losses of the joint flights.

Gulf air is equally owned by the governments of Bahrain, Abu Dhabi, Qatar and Oman. Air Maroc is 94 per cent owned by the Moroccan government, with the remaining shares held by investors.

— Source: AP



BUSINESS UNENCUMBERED: A boat laden with garment products for shipment sails the flood waters at city's Shabujbagh yesterday. — Star photo by Anisur Rahman

## Mechanism to fight flood effect discussed Govt keen to ensure smooth external trade: Tofail

A high-level meeting here yesterday discussed framing of a mechanism to maintain uninterrupted external trade and assess losses in the industrial sector due to the on-going floods and post-flood rehabilitation programme, reports UNB.

Speaking at the meeting Commerce and Industries Minister Tofail Ahmed said the government is sincere to take all possible measures in maintaining uninterrupted export as export earnings is the main source of country's foreign exchange reserve.

He said, "We are ready to explore all possible means to enable the exporters to carry their goods to the ports."

He informed the meeting that Prime Minister Sheikh Hasina has already instructed all concerned government organisations to take immediate action for smooth movement of exportable goods in all possible ways, including riverine routes.

At the meeting, all chamber leaders and presidents of the exporters' associations described the losses in their sectors due to the prolonged flood in the living memories, according to an official handout.

They said, the full extent of losses could be assessed after

the recession of flood waters. They suggested some specific steps for immediate actions and post-flood rehabilitation programmes. They also narrated various aspects of the problems and possible solutions.

The business leaders requested the government to take joint efforts to overcome the situation.

Responding to the request, the minister has arranged a meeting with the Finance Minister Shah A M S Kibria today.

The meeting was attended by State Minister for Jute A K M Faezul Haq and State Minister for Textiles A K M Jahangir Hossain.

BOI Executive Chairman Farooq Sobhan, Jute Secretary Mahfuzul Islam, Textiles Secretary Shamsuzzaman Chowdhury, Industries Secretary K M Ejazul Haq, FBCCI President Yusuf Abdullah Harun, MCCI President Laila Rahman Kabir, DCCI President R M Khan, BCI President Sharif M Afzal Hossain, BGMEA President Mostafa Golam Quddus, FICCI President A K M Shamsuddin, BJMC Chairman Lt Colonel (ret'd) Abu Osman Chowdhury, BJA Chairman Md Golam Mostafa, President of NASCIB Ainul Haq, BKMEA President

Manzurul Haq, and Chief Executives of State-owned enterprises were present in the meeting.

**BGMEA hails PM's directives**  
Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday expressed its heartfelt gratitude to the Prime Minister for her directives to save the garment sector in the wake of the devastating floods, reports BSS.

In a statement, BGMEA President Mostafa Golam Quddus, on behalf of the garment manufacturers and on his own behalf also expressed gratitude to the concerned ministers and authorities for their ceaseless efforts in this regard.

The BGMEA also lauded the cooperations of Bangladesh Navy, Railway and road authority in protecting the sector in this grave situation under the directives of the Prime Minister.

Quddus said the instance of patriotism the prime minister and the relevant authorities have set through their efforts is unprecedented in the post-independent Bangladesh.

It will be encouraging to help each other, he said.

## Indian export growth to be 'close to zero'

NEW DELHI, Sept 9: US finance giant Merrill Lynch yesterday warned that Indian export growth in the fiscal year to March 1999 would be "close to zero," reports AFP.

"Exports have shown a negative growth rate for April-July 1998 and we expect that the export growth for fiscal 1998-99 to close to zero," the US firm said in its latest report on the Indian economy.

Merrill Lynch also warned that a slowdown in the economies of the United States or Western Europe could further hit India's prospects since 50 per cent of its exports were "heavily Western market-oriented."

In the likelihood of a Chinese devaluation, the export situation could deteriorate fur-

ther, it warned. "India's trade balance has deteriorated in the first quarter and it was 70 per cent higher in the first quarter of 1998-99 over the same period last year," the report said.

Merrill Lynch forecast India's trade deficit for 1998-99 at around 11 billion dollars compared with 6.8 billion in 1997-98.

New Delhi says the trade deficit widened to 2.1 billion dollars in the first quarter of the current fiscal year, compared to 1.4 billion dollars during the corresponding quarter last year.

The Merrill Lynch report said substantial steps were needed to boost exports. "India's monetary policy has become dependent to a very

large extent on the currency jitters and outflows of portfolio investments from the country are in line with those from the rest of Asia.

"While these are clear indicators of the effects of global events on India, the country's gross domestic product can still show moderate growth in spite of these events with the index of industrial production rising 5.5 per cent in the first quarter," Merrill Lynch added.

The government last month slashed interest rates by two per cent on shipment credits and offered concessions to boost exports which registered a negative eight per cent growth in the first quarter.

India's Hindu nationalist-led coalition government, after coming to power in March said

it would try and stop the downturn and achieve a target of 20 per cent growth in the current fiscal year.

Export growth in the 12 months to March 1998 stood at 2.6 per cent earning 33.97 billion dollars against a targeted 40 billion dollars.

Analysts blame the regional financial turmoil for India's sinking exports. India's trade position has been further undermined by Western sanctions following its series of nuclear tests in May.

The exports soared 21 per cent in 1995-96 but fell sharply to about four per cent growth over the next 12 months. India's share in world trade is 0.6 per cent. Fifty years ago it stood at 1.5 per cent.

## The Y-1 world

B A T Industries, the British parent company of many cigarette makers around the world, guided the development of Y-1 tobaccos, varieties genetically altered to pack twice the nicotine of regular leaf. Its subsidiaries in the Americas, Africa and Asia grew the tobacco and shipped it to the United States, where it was distributed to B A T companies around the world.



## Manila to borrow \$260m from IMF precautionary fund

MANILA, Sept 9: The Philippine Central Bank said Wednesday it plans to borrow some \$260 million from a \$1.37 billion precautionary loan arrangement with the International Monetary Fund by the end of this year, reports AP.

## German firms step up investment in Asia

BONN, Sept 9: German companies stepped up investment in Asia during the first six months of their current year, despite the financial crisis punishing the region, the German economics ministry said here, reports AFP.

German companies invested a total 3,342 billion marks (1.9 billion dollars) in Asia in the period from January to June, compared with only 790 million marks in the corresponding period of 1997, the ministry said in a statement.

Overall, German direct investments abroad totalled 30,568 billion marks in the first half of the current year, compared with 21,894 billion marks in the year-earlier period.

Some 62 per cent was invested in European countries and France was the favourite country for German companies to invest in, accounting for 10,594 billion marks, next came the Netherlands, accounting for investments of 3,150 billion marks.

By contrast, German companies reduced their investment in North America, with investments in the United States declining to 2.6 billion marks in the first half of this year from 5.7 billion marks in

the equivalent period of 1997. Investment by foreign companies in Germany also reached record levels in the period from January to June amounting to 14.3 billion marks, the highest level since statistics began to be collated at the start of the 1950s.

## Russian crisis may take toll on German labour market

HAMBURG, Germany, Sept 9: The Russian crisis could have negative effect on the German labour market, but the impact should not be over-estimated, Federal Labour Office President Bernhard Jagoda told the Hamburg daily newspaper Der Tag yesterday, says AFP.

"The German labour market will not escape wholly unscathed from the problems in Russia and South East Asia," Jagoda told the newspaper, which is published by the news magazine Der Spiegel. "But one shouldn't over-estimate the effects. Our main business is done with Western and Central Europe and with the United States."