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The Daily Star BUSINESS

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Fallout of crisis Four-fold rise in Indonesian poverty

JAKARTA, Dec 13: There had been a four-fold increase in the number of poor people in Indonesia following the Asian financial crisis, with some 100 million people now living in poverty, a report Sunday quoted a minister as saying, reports AFP.

Social Affairs Minister Yustika Baharyyah said the prolonged economic crisis suffered by the country since July last year has boosted the number of poor to 100 million, or close to half of Indonesia's some 202 million people, the Antara news agency said.

Speaking at the East Java town of Malang on Saturday, Baharyyah gave no further details, including the criteria for poor people.

More than 20 million Indonesians are unemployed as a result of a slump in production amid the economic crisis, the state-sponsored All Indonesia Federation of Workers has said.

T-bill auction results

The 15th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year Treasury Bills were held today (Sunday), reports UNB.

Sixty-two bids for a total of Tk 79.50 crores, 10 bids of Tk 69.60 crores, one bid of Tk 5.00 crores, 5 bids of Tk 30.00 crores and 15 bids of Tk 148.00 crores were offered respectively for 28-day, 91-day, 182-day, 364-day and 2-year bills.

Of these, 37 bids for a total of Tk 53.80 crores of 28-day bill and 4 bids for a total Tk 24.10 crores of 91-day bill were accepted.

No bid was offered for the 5-year bills while the bids offered for the 182-day, 364-day and 2-year bills were not accepted.

The weighted average prices against the 28-day and 91-day bills were Tk 99.38 and Tk 97.81 per 100 taka respectively.

The corresponding yields are 8.16 per cent and 8.95 per cent annum.

**Gemini Sea Food
declares 10 pc
dividend**

Gemini Sea Food Limited has declared a 10 per cent dividend for the share holders for the year 1997-98, says a press release.

The dividend was announced at the 16th Annual General Meeting of the company held at its factory premises at Rupsa in Khulna on Saturday.

The chairman of the company, Lt Col (Retd) Kazi Shahed Ahmed, presided over the meeting.

**China loses \$5b
on kickbacks
from govt
contractors**

BEIJING, Dec 13: China lost an estimated 46.15 billion yuan (5.56 billion dollars) on kickbacks from government-awarded contracts in 1997, the China Daily said, reports AFP.

"Last year, a total of 923 billion yuan (111 billion dollars) was spent on government purchases, but five per cent of governmental project investments are estimated to have ended up in private purses in the form of kickbacks or other corrupt payments," legal expert Zhu Shu Shaoping told the newspaper.

Besides corruption, the lack of a systematic regulatory code and the excessive power of people in charge of purchasing also caused inefficient use of money.

China currently operates a shoddy government purchasing system, with most contracts awarded outside a public bidding system, where the administrative subdivisions are free from financial surveillance.

A clear example of the major weaknesses of this system has emerged recently over the five billion yuan (602 million dollars) western railway station in Beijing.

Built between 1993 and 1996, the station was one of the biggest municipal projects launched during the corrupt mayoralty of former Beijing political boss Chen Xitong.

But within two months of its opening, more than a dozen giant cracks appeared in the 500,000 square meters (5.4 million square feet) structure, allowing rain and snow to pour through.

Graft proceedings have already been brought against seven people for providing fault supplies in return for major kickbacks, and authorities have promised a full investigation.

A new system which mandates public bidding for contracts has already started trial operation in some areas of China.

In regions and cities where the new approach to purchasing is being trailed, costs have been reduced by an average of 10 to 15 per cent, and slashed by 30 to 50 per cent in some projects," the newspaper said.

But legislation is not expected to be finalised and passed until 2003.

Germany makes \$46.3m aid commitment to Bangladesh

A top German bureaucrat who has negotiated US\$46.3 million grant assistance for Bangladesh for 1999 strongly prescribed political stability, security and more reforms for the capital-strapped country to attract foreign private investment, reports UNB.

"It's very frank, hartal is not favourable... stability and security is very important, otherwise you cannot expect foreign businesspeople in your country," said Bernhard Schweiger, Director General of Germany's Federal Ministry of Economic Cooperation and Development.

Talking to UNB, Schweiger, who led an 11-member team at the German-Bangladesh negotiations on development cooperation in Dhaka with his Bangladeshi counterpart, said: "Political differences should be discussed by the government and the opposition and settled for the interest of this country."

He said economic people in Bangladesh also pronounced how hartal damages economy. "It's (hartal) a problem here, it does not give good impression and this is not only against private investment but also erodes the country's reputation."

Since 1971, Germany has provided grant assistance worth US 4.8 billion dollars to Bangladesh and during the present negotiations it has made new commitment for US\$46.3 million for the year 1999 in terms of financial and technical cooperation.

In reply to a question, Schweiger said Germany and Bangladesh have very effective and successful cooperation in

various sectors, including railway, electricity, road communications, health and primary education.

"Relations between Germany and Bangladesh are not only in state-to-state cooperation, fortunately we have good economic relations," he said, adding that Bangladesh's exports to Germany amount to 500 million US dollars. Private investments from Germany account for 60 million Deutsche marks.

About increasing private investment in Bangladesh, the German delegation leaders said after reunification, German economy concentrated on development of Eastern Germany and East European countries like Poland and Hungary.

"But German economy is

now changing and giving more attention to Asia and Latin American countries, he said, hoping that the levels of private investment in this country could be higher.

Bernhard Schweiger praised

various advantages in Bangladesh for private investment but suggested more reforms and liberalisation in certain areas. Citing India's "too much-protection policy," he said "for foreign investment, it needs open-minded policy."

In this context, he suggested removal of some limitations for free import of medicine and joint cooperation in this sector since he said Germany has got potential pharmaceutical companies for investment.

"Nevertheless, I am sure more investment would be coming to Bangladesh," Schweiger said, adding the new German government gives emphasis on

the project involves training of experts for maintenance of line locomotives and passenger coaches.

Under the German technical cooperation, 22 million DM in credit has been earmarked for six locomotives and 60 million dollars for replacement and rehabilitation of river ferries, 9.4 million dollars for modernisation of rural electrification and 2.2 million dollars for development of Chittagong Hill Tracts.

intensified cooperation with LDCs. An effective cooperation is possible in power and railway sectors in Bangladesh, he assured.

In reply to a question, he said macroeconomic condition of Bangladesh is good. Budget is under control and rate of inflation reasonably within limits. But, he once again underlined, reforms should be expedited.

The German official said his government would organize a meeting of private business leaders and companies in Bonn next April when Finance Minister SAMS Kibria would discuss the point of German private investment in Bangladesh.

Germany, which has a major financial and technical cooperation in the railway and power sectors, has been planning modernisation of railway signalling system and insisting on rehabilitation of Ashuganj power plant.

During the negotiation meeting, Thomsen said, the Bangladesh government agreed on principle with the idea of setting up separate authority independent of Power Development Board.

A team of experts from Germany will visit Dhaka early next year to study the pros and cons of the proposals relating to the railway sector and Ashuganj power plant.

Besides, under the new commitment following the negotiations in Dhaka, Germany will provide 9.4 million US dollars for rural infrastructure in Tangail, 12.5 million dollar for replacement and rehabilitation of river ferries, 9.4 million dollars for improvement of rural electrification and 2.2 million dollars for development of Chittagong Hill Tracts.

equipping goods trains with adequate brakes is being examined.

But the double rail track between Tongi and Bharabazar may depend on whether free across-the-border rail traffic with India, the German team leader said. "Otherwise, it will not be economically viable."

Regarding the rehabilitation of three units of Ashuganj power plant, Christian Thomsen, a member of the delegation, said it urgently requires overhauling and other rehabilitation involving about 100 to 120 million DM.

He said his government was ready to fund 30 million DM for the first phase of rehabilitation if the Bangladesh government created a separate autonomous body for properly operating the power plant.

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Surrounded by a stack of boxes filled with scrap of cell-phones, Saburo Masaoka, sales department chief of Yokohama Metal Co Ltd, grins with a couple of ingots made of gold the company recovered from the high-tech gadgets at the company's headquarters in Sagamihara, west of Tokyo, Friday. With its special technology to sort out the noble metals from basis, Yokohama Metal recovered 45 kilograms of gold, 900 kilograms of silver and 30 kilograms of palladium from three million cellphones last year alone. Masaoka said content by percentage of gold is 150 grams per one kilogram, much higher than any mines in the world.

— AP photo

WB's Chief Economist for S Asia tells The Daily Star

Govt should not allow brusque short-term foreign borrowings

Star Business Report

disciplined financial sector is the fundamental element for any economy. The lesson for Bangladesh should not be to liberalise capital transactions until it is ready for it."

Talking to The Daily Star, Williamson said a good mid-term prospect is there for Bangladesh as the micro-eco-

nomic policies adopted over the last few years have started yielding results.

He also observed that although a number of macro-economic parameters were showing signs of strains, these were positioned far better than feared in the wake of the devastating floods.

The country coped remarkably with the onslaught of floods," said the economist.

"There had been no disastrous situation as many had feared. The exports have predictably fallen after the floods, but the drop is less than apprehended. The country's revenue collection is not as bad as it could be."

Williamson supported the government's imposition of some new taxes after the floods. This was a correct move that would help the government along with the donors, contribute to the financing of the post-flood rehabilitation programme, he viewed.

However, the WB economist said the Bank was thoroughly disappointed with the progress in privatising the state-owned enterprises.

"It was the right opportunity for the government to off-load the loss-making units and it did not look politically impossible to execute the programme," he said.

About privatising the nationalised commercial banks (NCBs), he said this should not be hastened now. "Rather, we

want the private commercial banks to work properly before the NCBs are privatised," said Williamson.

Williamson suggested that the government, at this point, should restrain from too much bank borrowings and should limit it within 1.5 per cent of the GDP.

"So far, the inflation has been a price-induced phenomenon and this will not fundamentally hurt the economy. Inflation rate would drop with the advent of rabi crop," he hoped.

The economist also said that although the level of foreign exchange reserve was low, it was not like that of Pakistan, "catastrophically inadequate".

"We would like to see more financial sector and privatisation reforms by the government," said the WB economist.

Regarding the issue of loan-defaulting, he said ground was set to address this financial ailment, and the main thrust now should be to put pressure on the defaulters.

About managing the country's energy resources, the chief economist said that Bangladesh could export gas through pipelines to India if the reserve was confirmed to be big enough.

"Exports of gas through pipelines to India would be a strong case for Bangladesh," he said. "For this, a two to three-year preparation is needed and the process could be started from right now."

However, the WB economist



John Williamson

IT institutes offer discounts at the BCS computer show

Youngsters get to know about who is offering what

By Monjur Mahmud

The IT institutes are experiencing busy times at the ongoing BCS International Computer Show. Thousands of people, mostly young and in their 20s, who want to pursue IT careers and eager to know about the costs and prospects of the courses offered by the institutes, are gathering everyday at the fair's IT educational stalls.

A total of 18 leading information technology (IT) institutes are participating in the computer hardware and software gala. Most of them have joined the event with a view to bridging relations with new and next generation students.

"We are getting tremendous responses from them," said an executive at the stall of Genetic Computer School. "We discussed more than 5,000 prospects of our organisation on the very first day."

Intensified competition among these IT institutes over the past couple of years has also brought down course fees, some institute officials said.

"The fees that the institutes now charge are very reasonable. But if you want quality education, you have to pay accordingly," said an executive of an institute.

"I along with my friends, have a plan to visit the show everyday," said Islam. "I have two missions here - one is to buy a good PC at a bargaining price

and the other to collect information about IT training institutes."

Shahidul Islam, like many other youngsters, sees a bright IT future. He is collecting prospectuses of different institutes to compare and judge them with a view to get the best value for education.

NIT, a collaboration between NIIT and Beximco Systems Ltd, is imparting training through a three-year diploma course including a one year in-

ternship for Tk 127,000.

Daffodil Institute of Information Technology (DIIT), affiliated with the UK-based National Computing Centre (NCC), is offering a one-year International Diploma in Computer Studies (IDCS) for Tk 60,000, another two-year advanced diploma (IADCS) for Tk 140,000 and a three-year B.Sc (Hons) in Computing and Information Systems for Tk 247,000.

CMC Computer Education of India, a collaboration between CMC and IIT, is offering diplomas and graduation programmes in advanced software technology.

Centre for Computer Studies (CCS) of Bhuiyan Computers offers a two-year diploma course for Tk 150,000 and a four-year graduation programme for Tk 350,000. The institute is affiliated with the University of London.

CCS offers discounts between 12 and 22 per cent at the show.

Asian Currency Roundup

Most Asian units end higher

HONG KONG, Dec 13: Most currencies in the Asia-Pacific region strengthened against the US dollar with expectations of persistent pressure on the greenback following a decline on Wall Street, reports AFP.

JAPANESE YEN: The yen gained ground during the week as the dollar faced selling pressure amid uncertainty over the US economy following declines on Wall Street, dealers said.

The Japanese unit traded at 117.27-30 yen late Friday, compared with 118.30-33 yen a week earlier.

"A decline on Wall Street is pressuring the dollar against the yen," a dealer from Bank of Tokyo-Mitsubishi Ltd said.

Dealers said the yen is likely to gain further in the coming week on expectations that the US unit would remain under pressure in the short term.

AUSTRALIAN DOLLAR: The Australian dollar closed down slightly after staging a late-week recovery from a sharp dip brought on by continuing weakness in commodity prices.

In the week ahead, the focus will