

IMF to help Dhaka make privatisation a success

The International Monetary Fund (IMF) has shown keen interest in the privatisation process of Bangladesh and assured all possible assistance and co-operation to make the programme a success, reports UNB.

The assurance came when the visiting six-member IMF delegation, led by Chanpen Puckathikom, met Chairman of the Privatisation Board Kazi Zafarullah at his office in the city yesterday.

Welcoming the delegation, Kazi Zafarullah briefed them the status of the privatisation efforts in the country and reiterated the present government's commitment to off load the state-owned enterprises in phases.

He said the government is also aware of the interest of the workers and that is why it has taken steps to introduce incentive packages like golden handshake and is also planning safety net programme for the retrenched workers.

Matters relating to ongoing and future programmes of the Board, including formulation of a legal framework and public awareness programme, also came up for discussion.

Workshop on Agro-Ecological Zone held

A day-long orientation workshop on Agro-Ecological Zone (AEZ) and Geographical Information System (GIS) was held at BARC here yesterday, says APB.

BARC executive chairman Dr Z Karim inaugurated the course, organised by BARC with support from FAO/UNDP.

Speaking on the occasion, Dr Karim stressed the need for creating national awareness by using existing GIS facilities and advised the concerned scientists and planners to enrich the existing database through contributing data on forestry, fisheries, and livestock.

At present BARC-GIS maintains various database on climate, land, soil and water-resources of the country.

Eighty participants from various disciplines of BARC took part in the workshop.

The workshop took some specific recommendations for future development of AEZ/GIS and for sustainable agricultural development.

Crisis-hit Garuda airline to sell planes

JAKARTA, Feb 8: Indonesia's state-owned Garuda Indonesia airline plans to sell five Airbus A300-B4s this month to raise funds to help pay \$ 390 million in foreign loans, a report said Monday, reports AP.

The five aircraft would be sold by the end of the month (February) to repay our debts," said Garuda's Finance Director Emirisyah Satar, as quoted by the Jakarta Post newspaper.

Emirisyah said several parties from Europe and the US had expressed interest in purchasing the aircraft that might be converted from the passenger planes into freighters.

The funds raised from the sale, however, are not expected to cover the company's total outstanding debt, he said.

Garuda has embarked on an major overhaul of its operations after nearly being grounded last year. The company has appointed Lufthansa Consulting GmbH to help boost its profitability and streamline operations.

Other airlines in Indonesia are also facing financial difficulties as the nation grapples with its worst economic crisis in 30 years.

Foreign workers in HK protest wage cut

HONG KONG, Feb 8: More than 100 foreign domestic helpers took to the streets protesting against the Hong Kong government's announcement of a cut in their minimum wage by five per cent, reports AFP.

"The reduction of minimum wage of poor domestic workers by five per cent is no solution to the economic difficulties of Hong Kong families," an Asian migrant coordinating body spokeswoman said.

"Does the Hong Kong government seriously believe that a mere saving of 190 dollars a month will significantly improve the economic well-being of employer families?"

Holding placards that said "government should protect not attack workers' wages" and "unfair and discriminatory," about 120 domestic workers from Sri Lanka, Nepal, Thailand and the Philippines marched in the central district.

The government last week cut foreign domestic helpers' minimum wage from 3,860 Hong Kong dollar (470 US) to 3,670 in light of an economic downturn.

It became effective for all new contracts signed on and after February 3.

Short-selling of shares violates regulations

SEC fines two firms Tk1 lakh each

By M Shamsur Rahman

The capital market watchdog yesterday slapped a fine of Tk one lakh each on two members of the Dhaka Stock Exchange (DSE) for violating the securities law.

The two firms -- Sinha & Co and Dawn International -- were charged with short-selling of shares prohibited under the Settlement of Stock Exchange Transactions Regulations, 1998.

Sinha & Co

A preliminary investigation by the DSE surveillance officials on September 22 last year revealed that Sinha & Co was involved in short-selling of Zeal Bangla and Rose Heaven Ball Pen stocks.

A spot verification of the books and records of the mem-

ber revealed that the firm failed to deposit 7650 Zeal Bangla and 99500 Rose Heaven Ball Pen shares with the DSE clearing house against purchases on September 16 last year.

In their report, the surveillance officials informed the Securities and Exchange Commission (SEC) that the company was asked to explain the failure.

In response to the DSE queries, the company said, "one of the customers, Md Nuruzzaman asked the company to sell those shares. It accordingly did this. The same customer then asked the company to buy-back those shares, but due to computer malfunctioning, the broker could not carry out the order."

"In support of the client, the

company showed customer-wise trade status report and clients' ledger account, but could not show any sale order for that day," the DSE surveillance report said.

The matter was brought to the notice of SEC, which conducted a hearing on December 27 last year.

"The authorised representative of the brokerage house failed to prove that the non-compliance was not deliberate," an SEC official said.

"The representative, however, claimed that due to disturbances in the DSE computers, relevant buying and selling orders could not be maintained as per requirement of the law. But trade records were maintained," the official said.

"But such trade records do

not necessarily prove maintenance of relevant buying and selling orders by the clients as required under the rule. Such violation and non-compliance of the securities law by an exchange member also act as a deterrent to the sound stock market practices and activities affecting the investors at large. Such activities might also lead to short-selling practices which are restricted under the regulations," he said.

Dawn International

The DSE had also conducted an inquiry into the books and records of Dawn International. The investigation revealed that the member had failed to deliver 18,250 Zeal Bangla, 44,500 Rose Heaven Ball Pen, 1,500 Beximco Pharma, 11,500 Eagle

Star, 20 Karnaphuli Ins and 800 Shinepukur shares to the DSE clearing house against a purchase on September 16, 1998.

According to a report of the surveillance team, the member also failed to show relevant selling orders to the team. "It was further revealed that the member resorted to short-selling on the day prohibited under the Settlement of Stock Exchange Transaction Regulations, 1998."

The matter was also brought to the notice of the SEC. The broker also appeared before the SEC, but failed to prove that the non-compliance was not deliberate.

"They, however, stated that out of the net sales proceeds of 44,500 Rose Heaven Ball Pen shares, 28,500 were sold mis-

takenly by pressing wrong computer buttons, while sales of other company shares were carried out as per the clients' orders. They further stated that because of the computerised trading system, formal buying and selling orders of the clients could not be maintained as orders are being placed and carried out swiftly. The broker company was aware of the requirements of the securities law in this respect. But these contentions could not be considered acceptable because the stock dealer's license issued to the member by SEC says that the member should comply with the securities law."

After detection of the short-selling, the DSE cautioned both the members to refrain from such activities.

Immediate past FBCCI chief urges politicians

Keep industries out of hartal

Star Business Report

The immediate past President of FBCCI, Yussuf Abdullah Harun, yesterday urged the political leaders to keep the country's industries out of hartal so that their production is not hampered.

"Hartal is suicidal for us in terms of economic losses. We want our industries to be exempted from hartal," said Harun while exchanging views with journalists at a city hotel yesterday.

If political environment remains unstable, we would not be able to prepare ourselves to

be the part of the global village in the next millennium, he said.

"Since 1991, our trade has been liberalised and the industries are no more enjoying tariff protection. As a result, many enterprises were shut down and entrepreneurs became loan defaulters."

"Cheap labour is our only advantage. But we have so many disadvantages like poor infrastructures, power shortage, lack of proper port facilities. These make our production cost be-

comes high. We do not want hartal on top of it to lose more competitiveness."

Dwelling on the economic situation, Harun said that exports were gradually picking up although it missed the target in the first five months of the current fiscal year.

The country earned US \$ 520 million in December against a monthly average export target of \$ 473 million.

"If we consider the present economic situation in Japan, South East Asia or even Pak-

istan and India, our performance is better," Harun said.

About the industrial credit situation, he said as the DFIs are not providing any long-term loan at present and the commercial banks are the only option for funds.

"It is not a healthy situation for the country's industries," Harun said.

"The economy will have to face an adverse impact in the near future unless we go for long-term investment immediately," he said.



Former Governor of Bangladesh Bank, A K N Ahmed, presents a key-note paper at a seminar at the bank's conference room yesterday. Incumbent Governor of the bank Dr Mohammad Farashuddin presides over it.

Former BB governor says Credible action needed to fight corruption

Star Business Report

Former Governor of the Bangladesh Bank AKN Ahmed has said that the country should launch a clear, effective and credible anti-corruption programme to tackle this social evil.

He said the current system of anti-corruption measures generates cynicism about the government's intention as those people who investigate incidents of corruption and frame charges are mostly corrupt.

Ahmed was speaking at a meeting at the Bangladesh Bank (BB) yesterday presided over by Governor Dr Farashuddin and attended by the chief executives of different commercial banks.

"No anti-corruption programme will be successful if it is not transparent, non-discriminatory and backed by public consensus," Ahmed said. "It is essential to place such policy before parliament for discussion and approval. Business chambers, banking industry and auditing firms should rewrite their code of conduct on the lines of ICC."

He said that there had been a world-wide growing awareness against corruption and that the media play a significant role in changing this business value.

AKN Ahmed characterised corruption as a global phenomenon and international problem. He also expressed satisfaction that an awareness of the gravity of the problem has been increasing.

Speaking on corruption in the country, he expressed his frustration that Bangladesh acquired only the bad attributes of capitalism leaving its good features.

The definition of honesty has been changed. A person is honest if he does the job by taking bribes and a person is dishonest if he does not do the job even by taking bribes. It shows the sense of cynicism and helplessness of the public," said Ahmed adding that corruption until very recently used to be

tolerated with a mixture of apathy, cynicism and denial. Even many economists considered bribery as grease for wheels of progress in an over-regulated society.

He, however, added that this mental landscape was changing and intolerance of corruption was growing both in developed countries in the west and the developing countries in the east.

He said a number of initiatives to fight corruption are emerging at national and international levels. The World Bank and other international agencies are paying more attention to corruption. Last year the bank has refused to disburse sanctioned loans to Kenya because of the government's failure to tackle corruption.

OECD countries have signed an agreement in 1997 on combating bribery of foreign public officials. The Inter-American Convention Against Corruption was convened in March, 1996 and has been signed by 26 countries. The ICC prepared strict rules of conduct to combat extortion and bribery in 1996. The USA adopted Foreign Corrupt Practices Act (FCPA) in 1987. The most important landmark to combat corruption has been the establishment of Transparency International (TI) in May 1993.

He stated that Bangladesh can not be isolated from the growing anti-corruption campaign throughout the world. He reiterated the role of the public in this regard and said the situation will change when ordinary people come together for a common cause.

After a lively discussion, Dr Farashuddin commented that if we exercise some of our powers with a view to alleviating corruption in the banking sector, it would be easy to resist the same to a substantial extent.

He hoped that the seminar would help the participants combat corruption in the banking sector.

Expatriates remit Tk 8.17 cr in Jan

Bangladeshi nationals living abroad remitted over Tk 8.17 crore in the month of January this year, says UNB.

During the period, they remitted Pound Sterling 3,75,936 and US dollars 10,81,540 through foreign money orders.

The amount has been disbursed to the dependents of remitters living in different parts of the country.

Total remittance received through 56765 foreign money orders during the first seven months of the current financial year stands at Pound Sterling 20,00,672 and US dollar 69,55,813.

The exchange value of these foreign money orders is Tk 48,82,28,773, said a press release.

IBBL finalises business plan for '99

Star Business Report

The Islami Bank Bangladesh Limited (IBBL) has finalised business plan for this year.

The plan was discussed at the two-day conference of the branch managers of the bank which ended at a city hotel on Saturday, says a press release.

The Executive President of the bank M Kamaluddin Chowdhury, presided over the conference while Mohammad Younus, vice-chairman of the board of directors and Chairman of the Executive Committee, was present as chief guest.

The conference evaluated the overall performance of the bank vis-a-vis performance of banking sector of the country.

It also discussed the problems and prospects of the bank.

Mir Quasem Ali, Prof. Mohammad Abdullah, MP, Prof. Mohammad Sharif Hussain, ANMA Zaher, Engineer Mostafa Anwar, Engineer Eskander Ali Khan and Shah Abdul Hannan, Directors of the Bank and Moulaana Ubaidul Huq, Chairman, Shariah Council, Principal Secretary (Islam), Member-Secretary (Acting), Shariah Council spoke on various issues during different business sessions of the conference.

Nur Mohammad Akon, Ataur Rahman Khan and Mohammad Shihidul Islam, Directors, Golam Moula Chowdhury, Vice President & Zonal Head, Comilla Zone, Md Shamsul Huq, Vice President Foreign Exchange branch, Dhaka, Shafiqul Moula, Manager, Chawkbazar branch, Chittagong, Muhammad Shahidullah, Manager, Kishoreganj branch and Md Abdul Latif, Manager, Moulvibazar branch also addressed the conference.

Bid to join WTO

China car market may face 'severe challenges'

BEIJING, Feb 8: China's flagging domestic auto market is expected to face increasing challenges as the country gears up in its bid to join the World Trade Organisation, official media said Monday, reports AFP.

Industry analysts estimate that the auto industry will grow at a low rate this year in spite of policies intended to stimulate car purchases. Xinhua news agency said.

The heads of several major auto groups had blamed the situation on increased restrictions imposed upon car purchases by government institutions, and unjustified fees and arbitrary costs aside from taxes, it said.

Industry statistics projected market demand at 1.72 million autos of all types this year, including 477,000 passenger vehicles, and 672,000 cargo vehicles, up 3.9 percent and 1.5 percent respectively from last year.

While many of world's giant auto groups were eyeing China for future expansion, such factors as the current trend towards mergers, the lingering Asian financial crisis, and over-production in the global auto industry, all posed threats to the industry's growth, Xinhua said.

Japaneses firms in Brazil fail to hedge positions

TOKYO, Feb 8 Japanese firms in Brazil were hit by the real's fall as most of them, ignoring East Asian precedents, failed to hedge their positions, Japan External Trade Organisation (JETRO) president Noboru Hatakeyama said Monday, reports AFP.

"They assumed that the real will continue to be pegged to the US dollar because that was the promise offered by the Brazilian government," he told foreign reporters here.

The former vice minister in the ministry of international trade and industry said the companies "trusted the Brazilian government so implicitly that they did not hedge their positions."

Companies importing parts from Japan were the worst hit by the nearly 40 percent fall of the real against the dollar.

"Very high interest rates are also a problem for the Japanese companies operating there because domestic demand shrank very severely in Brazil," Hatakeyama said.

New Finance Director of Glaxo Wellcome



Sarwar Azam Khan has been appointed Finance Director of the Glaxo Wellcome Bangladesh Limited, a subsidiary of the world leading multinational pharmaceutical Company - Glaxo Wellcome plc, says a press release.

Sarwar qualified as Chartered Accountant in 1983. He joined Glaxo Wellcome as Financial Controller in November 1997.

He worked with British-American Tobacco Bangladesh for more than eleven years in various capacity.

"The drop in output will moderate more and then eventually, maybe around mid-year ... it will bottom out and then slowly, slowly recover."

year, we may have something slightly like zero growth or slightly positive or slightly negative," he said.

Recent weakness in the rupiah was due to social and political factors, in particular "a deteriorating security situation."

"However, we shouldn't exaggerate the exchange rate movements. It is relatively stable, there's no great volatility and it is still at a level that is a lot more appreciated than only last summer," Neiss said.

He said there was room for the currency to strengthen if the economic programme remains on track.

IMF mulling over more funds for Indonesia

JAKARTA, Feb 8: The International Monetary Fund (IMF) will propose to its executive board to increase the IMF's allocation of bailout funds to Indonesia to boost the country's reserves ahead of June elections, IMF Asia Pacific director Hubert Neiss said Monday, reports AFP.

Neiss told journalists after meeting Indonesian President B.J. Habibie that the proposal will be put to the board when it meets in March to consider a revised Indonesian letter of intent outlining economic targets and reforms.

"In mid-march, the executive board will approve the (existing) programme," Neiss said.

"It will also decide on the rephrasing of the existing undistributed amount and it will decide on (a) proposal to add an additional amount to the exist-

ing amount," he said.

The IMF has arranged some 46 billion dollars in aid for Indonesia to help the country overcome its worst economic crisis in decades following the sharp decline of the rupiah against the dollar.

The IMF's contribution to the package is 11.3 billion dollars. Neiss said that if the executive board approved the additional amount, part of it will be disbursed in mid-March.

He declined to disclose the amount of the new aid but said it will be significant.

The money, Neiss said, was needed to support Bank Indonesia's reserves in the lead-up to the election on June 7.

"I don't want to mention the number but it will be a substantial number because during this period Indonesia needs outside official support because we

cannot expect that in the pre-election period there will be a large inflow of private money," Neiss said.

He also said that during discussions with Indonesian officials to review the economic structural reforms pledged by Jakarta in return for IMF aid, the Indonesian government had agreed to work to keep inflation at about 10 percent for the year to March 2000.

"The target for inflation is to get inflation down very close to 10 percent," Neiss said.

The draft state budget for year to March 2000 announced by President Habibie at the parliament last month, sets an inflation target of 17 percent compared to the estimated 66 percent for the current year to March 51.

"The idea would be to get it below two digits, whether that

is possible we will have to see," he said.

He said the target should be achievable if government policies remained on track, the international environment stays favourable and the agricultural harvest is normal.

"Again, a measure of social and political stability is an important ingredient," he added.

Neiss said that the broad focus of the latest revision of the letter of intent will be on controlling inflation, boosting fiscal expansion, and intensifying bank recapitalisation and debt restructuring.

"Monetary policy has to be firm and has to continue to be firm to make sure inflation comes down further," he said.

He expected the economy to level off around June, marking the beginning of a long and slow recovery.