

Coalition fragility turns Sinha's bane

Indian budget lacks tough measures to cut deficit

From Pallab Bhattacharya

NEW DELHI, March 1: Indian Finance Minister Yashwant Sinha has at last chosen to opt for treading the softer path in coping with burgeoning fiscal deficit and securing economic revival.

Sinha, while presenting the budget for 1999-2000 in parliament yesterday, demonstrated that fragility of the coalition his Bharatiya Janata Party leads would not permit him the kind of tough measures needed to narrow the rising gap between revenue and expenditure.

Instead, he expects the fiscal measures listed in the budget for the infrastructure, rural and housing sectors, rationalisation of excise and custom duties, ten per cent hike in surcharge on corporate and indi-

vidual income taxes and a one-rupee increase in per litre price of diesel would not only stem industrial slowdown witnessed in 1998-99 but fill up the government coffers.

Sinha once again showed that he is unable to make much of a dent in reducing populist subsidies. Nor does he expect too much success in containing unproductive expenditures in the coming fiscal year although he made a token announcement of downsizing the government abolishing four secretary-level posts.

Government finances were put to severe pressure in 1988-99 and there was a sharp decline in revenue thanks to the industrial slowdown, while expenditures mounted. In the revised estimate for the outgoing fiscal year, revenue deficit shot

up to 3.4 per cent of gross domestic product against the budgeted 2.7 per cent.

The budget for 1999-2000 proposes an additional revenue of 9424 crore, a bulk of it through indirect taxes. The finance minister promised to reduce fiscal deficit to four per cent of the GDP in 1999-2000 and that must be a daunting task for him as the deficit for the current year has been pegged at 5.9 per cent.

The government has estimated the total expenditure for 1999-2000 at Rs 283,882 crore as against last year's Rs 281,912 crore. This includes a reduced non-plan expenditure allocation of Rs 206,882 crore compared to last year's Rs 213,541 crore and a hiked plan expenditure of Rs 77,000 crore.

The finance minister has announced the government would raise at least Rs 10,000 crore by offloading shares in public sector undertakings. But doubts hang over the possibility of its achievement because a similar promise made in last year's budget still remains unimplemented. Besides, such a major drive is likely to face strong resistance from left parties and possibly from BJP's trade union front Bharatiya Mazdoor Sangh.

The budget seeks to revive investment in housing sector and through it boost the fortunes of cement and steel industries. The budget has raised tax deductibility of interest on housing loans from Rs 30,000 to Rs 75,000 and the area of houses qualifying for the incentive raised from one thousand sq ft to fifteen hundred sq ft.

One main focus of this year's budget is the agriculture sector where Sinha has not only increased the outlay but made an attempt to secure genuine grassroots participation. Gram Panchayats have been made the primary movers of several initiatives in health care, watershed management and primary education.

In order to increase the flow of credit to the rural sector, the corpus of rural infrastructure fund has been raised and repayment increased from five to seven years. Lending to food and agro-processing industries would be treated as priority sector.

The bedrock of the budget is the compression of excise duty rates from eleven to three and reduction of seven rates of customs duty to five. The special customs duty of five per cent levied in the previous budget has been abolished. A ten per cent surcharge has been imposed on almost all oil products.

Iraq accuses S Arabia of flooding oil market

BAGHDAD, Mar 1: Iraqi Oil Minister Amer Rashid accused Saudi Arabia yesterday of flooding the oil market and called for the kingdom's production to be slashed to boost flagging prices, says AFP.

OPEC members must reduce their production by 1.5 million to two million barrels per day (BPD) so that the price rises to 15 or 16 dollars a barrel," he said.

"Saudi Arabia must assume this cut before the next OPEC meeting in March, he added, because it is responsible for the collapse in prices."

Oil Ministry Undersecretary Sami Sharif said Saturday Iraq would ask OPEC next month to restore its pre-sanctions oil production quota at the expense of Saudi Arabia.

"Iraq has the right to claim back its quota" of 3.14 million BPD, as it stood before UN sanctions were imposed on Iraq for its August 1990 invasion of Kuwait, he said.

Cell phone price war heats up in Hong Kong

HONG KONG, Mar 1: The territory's ubiquitous mobile phone users gained the ability Monday to switch service providers while keeping their same number, pushing the phone companies into a wild scramble for market share, says AFP.

They were offering up noodles, cash and free phone calls — just about anything they could think of — to keep their own customers loyal and to woo away business from rivals.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.



Muhammad A Ali, General Manager of ANZ Grindlays Bank, along with other senior officials, are seen at the launching ceremony of the bank's corporate treasury services recently. —ANZ photo

Deflation threatens Japanese economy

TOKYO, Mar 1: Weak prices in Japan have raised the threat of the world's second-largest economy plunging into deflation, analysts say, a spectre that has the United States worried, says AFP.

US Deputy Treasury Secretary Lawrence Summers warned Tokyo only on Friday that Tokyo must recognise the goal of price fell 0.5 per cent month-on-month in January, the third such fall in a row, while in Tokyo alone, prices fell 0.4 per cent in February.

"Given the listlessness in final demand, there would appear to be no factors from the supply and demand perspective that would lead to a rise in prices," said Barclays capital economist Hiroshi Kuriyayashi.

"What is more, the sales held between November and January cannibalised demand for durable consumer goods and high-priced items, which will place further downwards pressure on prices," the economist said in a report.

And this "could exacerbate deflationary expectations."

Yoshi Nishimoto, economist at HSBC Securities, noted that Tokyo prices, which are widely taken as a barometer for future national trends, had fallen for the first time in five months.

The economist said the Japanese consumer price index (CPI) had stabilised for the moment, but there was a sign of trouble ahead from a reading of the wholesale price index (WPI). "Weakness in the domestic WPI, particularly final consumption goods, caused by the sluggish demand, means that the trend of CPI should weaken again in the coming months," Nishimoto said in a report.

Summers told reporters here that Japan's government "will need, and appears determined to ensure, the promised fiscal stimulus is fully implemented and sustained over the next few years."

But the boost delivered by Tokyo's economic rescue packages should, and I hope will, be accommodated by monetary policy," said the senior US financial official at the end of a five-nation Asian tour.

ANZ launches corporate treasury

ANZ Grindlays Bank has introduced a Corporate Treasury desk in its Treasury Department.

It was launched by Muhammad A Ali, General Manager of the Bank, recently, says a press release.

The Corporate Treasury will enable the corporate customers of the bank to deal directly with the Treasury Dept for their specialised foreign exchange requirements.

This desk will also provide economic forecasts, advisory service, market commentaries, latest economic trends, etc. to their corporate customers.

The bank has appointed Deedarul Haq Khan as the Corporate Dealer to look after the function of its Corporate Treasury.

K M Sattar, Head of Corporate Banking, Selim Hussain, Head of International Network Services, N Shaikat Choudhury, Senior Manager Marketing, Bashir M Tareq, Head of Treasury and Sajed U Islam, FX Dealer of the bank were also present during the launching ceremony.



M A Hashem, Managing Director of Janata Bank, addresses a meeting of bank customers at an inaugural ceremony of new premises of the bank's Munshiganj Branch. Local elites were also present on the occasion. —JB photo

BCIC International Tender Notice

“বিসিআইসি পণ্য শিলায়নে জাতীয় অগ্রগতির প্রতীক

Managing Director, Karnaphuli Paper Mills Limited, 92, Sadarghat Road, Chittagong invites sealed quotation on C&F (C) Chittagong basis under any suitable source of financing for the following items under two envelope system:

Tender No	Materials	Opening date	Cost of tender
1. F/38/MPIC-10/14/98/POP	Nylon Carrier Rope-10,000 Metres	7-4-98	Tk 100/-

Ten quotation duly supported by 1% (min Tk 1000/-) earnest money will be received up to 11-00 AM in the mentioned date and will be opened immediately thereafter in presence of the tenderers if any. The tender document on cash payment may be obtained from (a) Dy Chief Accountant, Karnaphuli Paper Mills Ltd, 92, Sadarghat Road, Chittagong and (b) Controller of Accounts, BCIC, 30-31, Dilkusha Com Area, Dhaka on all working days. No tender document will be sold on the date of opening.

BCIC-176-22/2/99
DFP-3768-24/2
G-356

General Manager (Commercial)

Bangladesh Gas Fields Company Limited
(A Company of Petrobangla)
P. O. Box No-8, Court Road, Brahmanbaria

Tender Notice

Tender Notice No. CD/HO/3(6)/99

Dated: 17.02.99

1. Bangladesh Gas Fields Co. Ltd. (BGFL) hereby invites sealed tender in two envelope system in prescribed forms from the enlisted 1st class contractors of Public Works Department (PWD)/Roads & Highways Department (RHD)/Public Health Engineering Department (PHED)/Housing & Settlement Directorate(H&SD)/Bangladesh Railway(BR)/Military Engineering Services (MES)/Rajdhani Unnayan Katiripakha (RAJUK) and Petrobangla & its companies having experience in construction of at least 15000 gallons over head water tank or minimum 4-storied frame structure building including RCC pile foundation for the following work:

Sl. No.	Name of the work	Estimated cost	Fixed earnest money	Completion time	Cost of tender documents (non-refundable)
1.	Construction of 15000 gallon capacity over head water tank at Titas Location-2, Brahmanbaria.	Tk 28,27,815.75	Tk 71,000.00	300 days	Tk 1,000.00

2. Intending firms may obtain tender schedule from the following offices from 04.03.99 to 21.03.99 during cash transaction hours on cash payment:

- Accounts Department, Court Road, Brahmanbaria and Liaison Office, 97, Purana Paltan (Bijoynagar), Dhaka-1000 of Bangladesh Gas Fields Co. Ltd. (BGFL).
- i) Accounts Division, Petrobangla, 3, Kawanbar, Dhaka.
- ii) Accounts Division, Bangladesh Petroleum Exploration Co. Ltd., Ibrahim Mansion (2nd floor), 11, Purana Paltan, Dhaka.
- iii) Accounts & Finance Division, Titas Gas T&D Co. Ltd., 11, Kawanbar, Dhaka.
- iv) Accounts Department, Rupantarita Prakritik Gas Co. Ltd., BSEC Bhaban (8th floor), Kawanbar, Dhaka.
- v) Accounts & Finance Division, Bakhrabad Gas Systems Ltd., Chapapur, Comilla.
- vi) Accounts & Finance Division, Sylhet Gas Fields Ltd., Chiknagool, Sylhet.
- vii) Accounts Department, Jalalabad Gas T&D System Ltd., Ambarkhana, Barabazar, Sylhet.

3. Technical & Financial offer of the tender in separate envelope shall be received in the Tender Box kept in Civil Engineering Department, at Court Road, Brahmanbaria and Liaison Office, 97, Purana Paltan (Bijoynagar), Dhaka of BGFL and in other offices as mentioned in para 2(b) up to 11 AM on 22.03.99.

4. Tenderers must submit the fixed earnest money mentioned in the tender notice along with Technical offer. If the quoted amount is less than the estimate beyond 5%, the financial offer must accompany additional earnest money equivalent to 10% of the quoted amount including item wise detail rate analysis for the work. The earnest money in favour of Bangladesh Gas Fields Co. Ltd., Brahmanbaria will be in the form of Pay Order/Bank Draft from any scheduled bank of Bangladesh.

5. Technical offer must accompany the following:

- List of Technical personnel working with the firm (Engineers, Diploma Engineers and Supervisor) along with their Bio-data including certificates and the list of the personnel who will be engaged in the project in the prescribed format.
- List of the equipment and form-works possessed by the firm and certified by an Officer of rank not below the Executive Engineer.
- List of technically similar work (exclusively over head water tank or minimum 4-storied frame structure building with RCC pile foundation in this case) completed in last five years with own supply of materials each amounting not less than the estimated amount shown in the tender notice along with completion certificate and copy of work order in the prescribed format issued by an officer not below the rank of Executive Engineer.
- Current Bank Solvency certificate issued by a scheduled bank of Bangladesh after July, 1997 specifying the amount that the firm is capable to invest at a time for execution of the work along with last two years bank-statement.
- Income Tax clearance certificate up to 1997-98 with TIN, VAT registration certificate, Trade Licence & enlistment certificates for the year 1998-99.
- All the certificates to be submitted along with the technical offer must be in original or duly attested by a Gazetted Officer. Original certificates and papers must be produced on demand against the attested copies which will be returned after verification or any certificate(s) submitted along with the tender may be checked on direct contact with the issuing authority.
- The technical offer will be evaluated first. Technically qualified bidders will be notified in writing to attend the opening of their financial offers later on.
- The authority reserves the right to accept any or reject any or all the tenders without showing any reason without accepting any liability.

Dy-General Manager (Civil Engineering)

PRS-9/012(Civil)/99
DFP-3721-24/2
G-360

National Curriculum & Textbook Board

Textbook Bhaban

69-70, Motijheel Commercial Area, Dhaka-1000

ICB No. 183 Papu/Bha/Ka-13/99

Dated: 28/2/1999

Invitation for Bids (IFB)
International Tender Notice

- The Government of the People's Republic of Bangladesh has received a Grant from the Kingdom of Norway (NORAD) under the Norway Assisted Primary Education Development Project for Quality Improvement (PEDPQI) Agreement No. BG0060 dated 3.12.98. A part of the Grant will be applied through National Curriculum and Textbook Board (hereinafter referred to as NCTB) to eligible payments under the contract to procure paper for printing of primary textbooks for Dhaka, Rajshahi & Khulna Division.
- NCTB now invites sealed bids from eligible bidders for supply of Woodfree White Printing Paper valued Tk 17.28 crores.
- Interested eligible bidders may obtain further information from the office of the Secretary, NCTB, 69-70, Motijheel Commercial Area, Dhaka-1000, Bangladesh. Cable Address: TEXTBOOK DHAKA; FAX NO. 880-02-9565724.

4. A complete set of the bidding documents may be purchased by any interested eligible bidder on submission of a written application to the office of the Secretary, NCTB or Mr Md Amanullah, Senior Asstt Secretary, Primary & Mass Education Division (PMED), Room No. 619, Building No. 6, Bangladesh Sachibhalaya, Dhaka or Project Director (PD), PEDP, Directorate of Primary Education (DPE), Mirpur-2, Dhaka (Attn Mr Md Shamsul Haque, Director (Training) on payment of a non-refundable fee of Taka 2500.00 (Taka two thousand and five hundred) only or US Dollar 50.00 (fifty) only in the form of Pay Order/Bank Draft from a scheduled bank of Bangladesh in favour of National Curriculum and Textbook Board, Dhaka. Bidding documents will not be sold on the date of opening of the bid.

5. All bids must be accompanied by Bid Security/Earnest Money in the form of Pay Order/ Bank Draft/Bank Guarantee of 1.00% (one per cent) of bid amount in favour of National Curriculum and Textbook Board, Dhaka and must be delivered to the office of the Secretary, NCTB, (4th floor) or to the office of the Secretary, PMED, (Attn Mr Md Amanullah Senior Asstt Secretary, Room No. 619, Building No. 6) or to the office of the PD, PEDP, DPE, Mirpur-2, Dhaka (Attn: Mr Md Shamsul Haque, Director, Training) on or before 12:00 Noon (Bangladesh Standard Time), the closing time of the tender box on 1.4.1999.

6. Bids will be opened in the presence of bidders' representatives who choose to attend at 12:30 PM on 1.4.1999 in the office of the Secretary, NCTB.

7. NCTB will not be responsible for any cost or expenses incurred by the Bidders in connection with the preparation and delivery/submitting of tenders.

8. NCTB reserves the right to accept or reject any bid, and to annul the bidding process and reject all bids at any time prior to award of contract without thereby incurring any liability to the affected bidder or bidders or any obligation to inform the affected bidder or bidders on the grounds for the purchaser's (NCTB's) action.

9. Partial offer (not less than 500 M tons) of paper is acceptable.

10. Tender will neither be received after closing of the tender box nor will it be received over TELEX or FAX.

Secretary

National Curriculum & Textbook Board

GD-150

Dhaka

Exchange Rates

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

Currency	Selling TT	Selling BC	Buying T. T. Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7300	48.7700	48.3100	48.1570	48.0850
Pound Stg	78.2360	78.3002	77.0303	76.7863	76.6715
Deutsche Mar	27.8129	27.8357	26.8075	26.7226	26.6826
Swiss Franc	33.7816	33.8094	33.2485	33.1432	33.0838
Japanese Yen	0.4102	0.4106	0.4030	0.4017	0.4011
Dutch Guilder	24.6844	24.7047	23.7921	23.7167	23.6813
Danish Krona	7.2709	7.2768	7.0991	7.0766	7.0660
Australian \$	30.5781	30.6032	29.3242	29.2313	29.1876
Belgian Franc	1.3485	1.3496	1.2997	1.2956	1.2937
Canadian \$	32.6844	32.6352	31.6704	31.5701	31.5229
French Franc	8.2928	8.2996	7.9930	7.9677	7.9558
Hong Kong \$	6.3021	6.3073	6.2229	6.2032	6.1939
Italian Lira	0.0281	0.0281	0.0271	0.0270	0.0270
Norway Kroner	6.2012	6.2027	6.0851	6.0757	6.0667
Singapore \$	28.6092	28.6327	27.6959	27.6082	27.5669
Saudi Rial	13.0381	13.0488	12.8399	12.7992	12.7801
UAE Dirham	13.3044	13.3153	13.1160	13.0744	13.0549
Swedish Krona	5.9827	5.9876	5.9036	5.8849	5.8761
Qatari Riyal	13.4261	13.4371	13.2320	13.1901	13.1704
Kuwaiti Dinar	167.0552	167.1921	153.0250	152.5404	152.3123
Thai Baht	1.3045	1.3056	1.2905	1.2864	1.2845
Euro	54.3973	54.4420	52.4308	52.2648	52.1867

Bill buying rates
TT Doc 30 Days 48.2112 60 Days 47.9074 90 Days 47.5048 120 Days 46.8997 180 Days 45.8945

US dollar London Interbank Offered Rate (LIBOR)
Buying Selling Currency 1 Month 3 Months 6 Months 9 Months 12 Months

48.0850	48.7300	USD	4.96250	5.02625	5.12688	5.25	5.39375
48.0850	48.7300	GBP	5.62625	5.46156	5.36281	5.35031	5.35031

Cash/ T C Cash/ T C EURO 3.06 3.05 3.04 2.98 2.98

Exchange rates of some Asian currencies against US dollars
Indian Rupee Pak Rupee Thai Baht Malaysian Ringgit Indonesian Rupiah Korean Won

42.485/	51.320/	37.250/	3.7998/3.8008	8775/8875	1218/
42.500	51.360	37.300			1220

Amex notes on Tuesday's market
The USD/BDT market opened and closed high. USD/BDT rate ranged between 48.73 and 48.75. The inter bank call money market ranged between 9.50 and 10.50% which was lower than that of the previous day.
The dollar was little changed above 199 yen by late Tokyo on Monday in directionless trade, supported by bargain-hunting interest and technical buying on dips. Technical factors mainly drove dollar/yen throughout the day with the market lacking fresh incentives, but the greenback's short-term sentiment stayed bearish after it fell sharply from around 121 yen last Friday. US Treasury's recovery last Friday and on Monday may have been one factor supporting dollar/yen in Tokyo. The market was keen to see the outcome of forthcoming US economic indicators to determine trends in dollar/yen.

LEADS to set up computer network for EPB

The Export Promotion Bureau is going to enter into the global computer network with installing database management in its Textile Cell to make overseas deals for apparel exports more transparent and flawless, reports UNB.

The EPB signed a contract here yesterday with LEADS Corporation Ltd to set-up the network within 120 days at a cost of Tk 1.48 crore.

EPB Secretary Sheikh Mohammad Wahiduzzaman and LEADS Managing Director Sheikh Abdul Aziz signed the agreement on behalf of their respective sides, while EPB Vice-chairman A B Chowdhury and Textile Cell Director Abdur Razzak witnessed.

The Vice-chairman said step has been taken to boost ready-made garment (RMG) export and make the export deals more disciplined and transparent.

There will be an on-line connection soon with the Customs Department of the USA, the single largest buyer of Bangladesh's apparel.

Computer network aims at protecting the RMG sector and helping enhancement of its quota abroad," he said.

Textile Cell director Abdur Razzak said the computerisation will ensure transparency and accountability in quota and visa management for RMG exports.

"It'll also largely reduce the alleged flaws in quota management through storing all quota and non-quota information."

LEADS MD Sheikh Abdul Aziz said they have already started the installation work and hoped it will be completed well ahead of the schedule. They will provide maintenance and other services for the next three years.

Bangladesh Power Development Board
Tender Notice

Sealed tenders in T-1 form are hereby invited from A, B, C, categories enlisted contractors of Power Development Board for the completion of the work mentioned below.

Sl No	Name of work	Estimated cost	Eligibility for submitting tender
1.	Supply of rack of newly-constructed store of Bhola Electricity Supply	Tk 3,71,493/90	Ka, Kha, Ga, categories of bonafide enlisted contractors of Power Development Board.

1. Cost for purchasing : Each set of tender can be purchased on payment of Taka 450/- (four hundred & fifty taka) (non-refundable) in the form of Bank Draft/Pay Order to Deputy Director, RAO, PDB, Barisal.

2. Places of availability of : Additional Chief Engineer, Distribution, Western Zone, PDB, Khulna/Superintending Engineer, T&S Circle, PDB, Barisal and Manager, Agrani Bank, Kalihath Bazar, Bhola branch during office hours till 21/3/99.

3. Places for submitting : Tenders can be submitted in the offices as mentioned in serial two (excepting Agrani Bank) in the office of the undersigned till 13:00 hours on 22-3-99 and will be opened the same day at 12:30 PM before the tenderers present (if anyone remains present).

4. Security : 5% of the given rate in the form of Bank Draft/Pay Order to the Deputy-Director, RAO, PDB, Barisal with the tender.

5. The undersigned reserves the power to accept or reject any tender without assigning any reason.

6. Tenders can be purchased with the permission from the undersigned and the Additional Chief Engineer, Distribution, Western Zone, PDB, Khulna/Superintending Engineer, T&S Circle, PDB, Barisal.

7. Attested photocopy of valid electrical licence will have to be submitted with the application.

8. If 10% below or above rate of the given rate is submitted, then the rate analysis will have to be submitted with tender.

9. Terms and conditions as mentioned will have to be followed properly, otherwise tenders will not be acceptable.

10. If the quoted/recovered goods are lost/deposited delayed then 10% taka will be deducted from the bill of the contractor as fine.

Power/Public 1155/4/98-99
DFP-3681-23/2
G-363

Resident Engineer (Executive)

Bhola Electricity Supply

PDB, Bhola