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# The Daily Star BUSINESS

DHAKA, FRIDAY, MAY 14, 1999

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## Move to gear up development schemes

# ADB, WB to develop joint aid programme for Bangladesh

The Asian Development Bank and the World Bank will jointly develop a programme of assistance for improving Bangladesh government's project implementation capabilities aiming to accelerate development schemes, reports UNB.

Sources said Wednesday that the two major multilateral donors were undertaking the task at the request of the government following a joint review conducted by the ADB and the WB of their ongoing portfolio in the country.

The two sides also agreed upon a nine-point Action Plan to improve project-implementation status. ADB officials here said.

The major issues that will be addressed in the action plan within the agreed time frame include delegating adequate financial and procurement authority to project directors and encouraging the PDS to utilize the authority already delegated to them.

It provides for strengthening PD selection criteria, including appointing PDS for the life of a project subject to satisfactory performance.

The plan also aims at insti-

tuting high-powered project guiding mechanism to improve coordination in project implementation, simplifying land acquisition and resettlement procedures, ensuring sufficient local funds to ADB/World Bank-funded projects, streamlining recruitment of consultants, improving expertise in procurement, strengthening project auditing systems.

It envisages a greater participation of the Implementation, Monitoring and Evaluation Division (IMED) in project supervision for a better performance in implementation of the development schemes.

An ADB news release said the government agreed to monitor the agreed Action Plan on Project Implementation jointly with ADB and World Bank through quarterly and six-monthly meetings.

Improvement in project implementation and performance is vital as future assistance from both ADB and the World Bank will be linked to performance of their ongoing projects," it observed after the stocktaking of the aided projects.

The ADB-WB review was

conducted in two phases. In the first phase, detailed discussions were held on the specific sector.

Project-implementation issues were held with ministries, lead executing agencies (EAs), Planning Commission, IMED and the Audit Department section on Foreign Aided Projects.

In the second phase, said the ADB release, focus was on identifying and suggesting solutions to the cross-cutting generic issues adversely affecting project portfolio performance.

The draft Aide-Memoire jointly prepared by the ADB and WB was discussed at a wrap-up meeting held here Tuesday with Dr Masihur Rahman, Secretary of the Economic Relations Division (ERD) in the chair.

"The major conclusion that emerged from the review is that while the government is keen to improve the pace and effectiveness of project implementation, success has been limited" by some five specific factors, said ADB.

Following are the factors listed in the meeting: complex internal procedures, inadequate appreciation and understanding of delegated authority

of the EAs and Project Directors (PDS), lack of adequately trained personnel in procurement procedures in the line ministries, slow decision making, and weak project-monitoring mechanisms.

The review also found that for a sustained improvement in portfolio performance, the existing project implementation system in Bangladesh needs to be comprehensively reviewed and reform measures systematically implemented.

Deputy Director of Programs Department (West) of the Asian Development Bank Dr Nihal Amerasinghe visited Bangladesh to participate in the country portfolio review mission, including attending the wrap-up meeting.

Besides, Dr Amerasinghe visited the northwest of Bangladesh to review the economy and development prospects of the region.

He called on senior government officials, including Finance Minister SAMS Kibria and State Minister for Planning Dr Mohiuddin Khan Alamgir to discuss the Bank's operational matters in Bangladesh.

## Privatisation experts' team meet PM

A delegation of privatisation experts, led by Privatisation Board Chairman, Kazi Zafarullah, called on Prime Minister Sheikh Hasina at her office yesterday, reports UNB.

The team members apprised the prime minister about various aspects of the privatisation process.

The prime minister told the delegation members that her government had given adequate importance to privatisation.

If the industrial workers want to buy mills and factories through cooperatives they would get priority," she said.

The delegation members included Navid Quamr, former Chairman of Privatisation Commission of Pakistan, Manu Titawala, Director General of Public Enterprise Reforms Commission of Sri Lanka, Al Phonso Revellow, former Minister of Bolivia, Hafiz Sheikh, privatisation expert of Saudi Arabia, Sunita Kikeri, privatisation expert of World Bank in Washington, Frederick Temple, WB Country Director in Dhaka and SM Zakaria, member of the Privatisation Board.

Meanwhile, a two-day international seminar on privatisation began in city Wednesday.

The seminar, organised by the Privatisation Board, is being participated by privatisation experts from foreign countries and agencies.

## BIBM seminar on loan default May 18

A national seminar on "Bank loan default problem: A dialogue between borrowers and lenders" organised by the Bangladesh Institute of Bank Management (BIBM) will be held at seminar hall on May 18, says a press release.

Bangladesh Bank Governor, Dr. Mohammad Farashuddin, will preside over the seminar, while Dr. Muinul Islam, Director General of BIBM, will deliver the address of welcome. Prof. ATM Abdus Shahid will present the keynote paper on the topic.

The designated discussions in the dialogue are: AM Zahiruddin Khan of AK Khan Group of Companies, M Moshed Khan of Pacific Group of Companies, ASF Rahman, Chairman, Beximco Group, Yusuf Abdullah Haroon, Ex-President FBCCI, Redwan Ahmed Ex-President, BGMEA and Sharif M. Afzal Hossain, President, Bangladesh Chamber of Industries as borrowers, Prof. Rehman Sobhan, Executive Chairman CPD, Shamsul Islam Ex-Minister of Commerce, Prof. M Ali Ashraf, Chairman, Parliamentary Standing Committee on Ministry of Finance, Matur Rahman, Editor, Prothom Alo, Dr Atiur Rahman Senior Research Fellow of BIDS and AA Qureshi, Managing Director, Grameen Fund as analysts, while Khondaker Ibrahim Khaled, Deputy Governor, Bangladesh Bank, Mahbubur Rahman Khan, Managing Director, Sonali Bank, Kazi Abul Majid, Managing Director, Prime Bank Ltd and M Enamul Hoque Chowdhury, Managing Director, Bangladesh Shilpa Bank will speak on behalf of the lenders.

Eminent bankers, industrialists, policy makers and top executives of banks and financial institutions will attend the seminar.

## Tk 330 cr fisheries development project taken up

The government has undertaken a fourth fisheries project at a cost of Tk 330 crore for massive development of the country's fisheries sector, reports BSS.

Fisheries and Livestock minister ASM Abdur Rob Wednesday said this while inaugurating an ice plant in the city.

The minister said on completion of the project the country's fish production would be increased significantly. He said the government has undertaken an extensive programme to motivate the people for cultivating fish in every water body of the country.

The ice plant built at a cost of Tk 70 lakh by Sylhet Sadar Matsya Aratdar Kalayan Samity would produce 24 tonnes of ice everyday.

## Channelling of provident, pension, gratuity funds into market

# Law Ministry completes redressing of Trust Act

By M Shamsur Rahman

The Law Ministry has finalised the amendments to a century-old law for channelling provident, pension and gratuity funds into the country's capital market.

Sources said that the ministry had already completed the necessary changes to the Trust Act, 1882. This will now be sent to the Cabinet for its approval and is expected to be placed in the parliament soon.

In the wake of calls from the market operators and the Asian Development Bank (ADB), the Finance Ministry had taken an initiative in August last year to bring necessary alterations for making trust funds available in the market.

The ADB, which is providing a US \$80 million fund for the capital market development, has slapped a condition that at least 25 per cent of the trust fund should be allowed in the market.

The amendments are aimed at removing the legal obstacles which block the funds from coming to the market. These funds are currently being invested in government securities.

The size of these funds would be anybody's guess. But sources said that these would be quite

big as the funds will come from a large number of government employees.

The changes, sources say, will force trustees of these funds to invest in the stock market. Under the existing law, the trustees are bound to invest their money in stocks or debentures "guaranteed by the government."

But following the proposed amendments, the funds could be invested in shares, debentures

## World Expo 2000

### Non-government projects to be put on show

A number of non-government developmental projects have been selected from Bangladesh for the upcoming World Expo 2000 to be held in Germany, reports UNB.

The exposition, "Human-kind-Nature-Technology", will be held in Hanover from June to October.

Some 161 countries and international organisations, including Bangladesh, have confirmed their participation, said a press release yesterday.

or other securities listed with any recognised stock exchanges.

Market operators say that once these funds are made available in the capital market, industrialisation of the country may get a boost as had happened in the neighbouring and developed countries.

## SEC's budget proposal

In its budget proposal, the SEC also suggested that the government allow these funds along with insurance money in the capital market.

SEC Chairman MA Syed in his suggestion to the Finance Ministry also said that corporate tax for the listed companies should be at least 10 per cent less than the non-listed ones. Currently, the listed companies enjoy a five per cent corporate tax benefit.

For activating the merchant banks, the chairman suggested that portfolio investment with the merchant banks be treated as "investment allowance" for determining allowable tax credit of the assessee and such investment be allowed by the tax authority without questioning the source of money.

He also proposed tax exemption on such incomes coming from portfolio investment.

## WB policy note summary says

# Dhaka may get increased FDI in key sectors

Bangladesh is expected to have increased foreign direct investment (FDI) in key sectors over the next few years with interest being generated among foreign investors about this South Asian country, reports BSS.

According to the executive summary of a policy note prepared by World Bank recently, the gas sector with nearly 13 trillion cubic feet (TCF) of proven and recoverable gas reserve has already drawn in excess of US \$400 million on gas exploration and development.

"There is heightened interest from international oil companies in contracts for further exploration indicating similar inflows in the next five years," it said. The gas sector alone drew more than half of the US \$386 million FDI in 1998 and this trend is likely to be sustained in the next five years with average inflows anywhere from US \$200 million to \$300 million.

The policy note also said that the power sector was expected to draw a total of US\$750 million in the next three years, reflecting principally the external financing of imported power plants and auxiliary equipment.

The Power System Master Plan of the Power Development Board (PDB) stipulates raising the present generation capacity from 2,900 MW to 10,000 MW by 2015. As part of the plan, about 2000 MW power generation capacity is expected to be added by 2005 at a cost of \$1.2 billion through foreign investment, it said.

According to the policy note, deregulation of the telecommunications sector has created the scope for private operators to run mobile cellular phone systems, operate rural telephone exchanges, provide paging and trunking facilities and become internet service providers.

FDI inflows in this sector rose to \$50 million in 1997 and this trend is likely to continue considering the country's lowest telephone penetration in the region, it said, adding that profit and income remittances on account of investment in this sector are expected to range from US\$9 to \$15 million by 2001-2002 and could be around \$30 million or more by 2005 at the current and projected rates of investment.

The policy note referred to the rising trend in FDI inflows in the manufacturing and services sector outside Export Pro-

cessing Zones and said the private container handling terminal at Chittagong port was expected to draw \$200 million over the next two years.

A similar amount could be coming with the linkup of Biman with a leading international carrier, which is expected to take over its management in the next two years.

The policy note revealed that FDI and private foreign-debt was increasingly becoming a significant source of financing domestic investment which could account for over 2 per cent of GDP in the current fiscal and nearly 10 per cent of gross fixed investment.

It explained that the benefits of FDI for recipient economies range from its contribution to physical capital formation, human capital development, transfer to technology and know-how to expansion of markets and foreign trade.

The average annual FDI inflows from the current fiscal to 2002 will be around \$0.9 billion, it said, adding that such rapid rise in inflows are the direct consequences of Bangladesh having one of the most open investment regimes in South Asia today.

## GSP Finance Co AGM held

The fourth annual general meeting (AGM) of the shareholders and meeting of the Board of Directors of GSP Finance Company (Bangladesh) Limited, a joint venture non-banking financial institution, were held at the company's registered office at Sena Kalyan Bhaban at Motijheel in the city recently, says a press release.

Farooz U Haider, Chairman and Managing Director of the company, presided over the meetings, which were attended by majority shareholders. Prominent among them were Wolf-Peter Berthold, Chairman and Managing Director of Deutsche Investment Corporation (Asia) Ltd, Olivier P Mivelaz, Managing Director of Banque Cantonale Vaudoise Investment Asia (S) Pte Ltd, R S Rajan of GSP International Bank Limited, Vanuatu and Javid Iqbal of GSP Finance Company Limited, Hong Kong.

All the items in the AGM agenda were adopted unanimously.

With a paid-up capital of Tk 15 crore, business performance of the company since commencement of its operation was reviewed. Projections for the current year were also discussed.

## 'Govt determined to privatise sick SOEs'

State Minister for textiles A K M Zahangir has said the government is determined to privatise all state-owned sick enterprises, reports BSS.

"We have to get rid of the burden of non-profitable state-owned ventures," the State Minister said while addressing the inaugural session of an international seminar hosted by the Privatisation Board and the World Bank at a city hotel yesterday.

The theme of the opening session was "legal and institutional issues of privatisation."

Chairman of the Privatisation Board Kazi Zafarullah also addressed the opening function.

Barrister Toyelur Rahman and World Bank resident representative in Saudi Arabia Hafeez Sheikh presented papers.

The State Minister said enactment of new laws is a must for ensuring necessary speed of the privatisation process.

He said it is not true that mere privatisation would turn one sick industry into a profitable enterprise.



Head of Corporate Banking of ANZ Grindlays Bank, Kazi Mahmood Sattar, speaks at a press briefing on the eve of launching the bank's cash-management products. — Star photo

# ANZ Grindlays brings in 9 new cash-management products

Star Business Report

ANZ Grindlays Bank yesterday launched nine new cash-management products which will enable corporate bodies to improve their cash flow management by faster receipts and payments.

Mostly based on the latest of information technology, these products will create an all-win situation for clients by reducing their interest expenditures and increasing interest income.

The newly-introduced products are: Any-branch Banking, ANZ Sweep, ANZ Standing Order, ANZ Link, Mobile Banking, ANZ Courier, ANZ Treasury Update and Query Management.

"I believe that our launching of a suite of cash management products is an important milestone. Improved cash management is vital for our corporate customers because it can positively and directly impact their bottom lines by optimising interest incomes or trimming expenditures," said Kazi Mahmood Sattar, Head of Corporate Banking of the bank, while speaking at a press briefing on the occasion of the product launching.

Selim R F Hussain, Head of International Network Services, described the various aspects of the products and how these would benefit the clientele.

Any-branch Banking is a system through which a customer can operate his accounts from any of the 14 branches in five major cities of the country. He can deposit or withdraw

cash, make fund transfers, ask for cheque books or make transactional and account queries.

ANZ Sweep is a service that offers system-generated inter-branch fund management between accounts across the 14 ANZ branches throughout the year.

Standing Orders enables customers to eliminate repeating instructions for their standing orders like fund transfers at certain times. Instead, customers will make their requests only once and the bank will automatically carry them out.

ANZ Courier is designed to draw an end to the system of customers' coming to the bank in person for their various businesses. Instead, ANZ offers its own secure and speedy motorcycle courier service to collect and deliver documents from and to its customers' doorsteps.

Another product, Treasury Updates, will provide customers the latest market commentaries, currency analysis and forecasts.

Mobile Banking will help customers perform their daily banking activities without even visiting the bank. ANZ mobile banking unit will bring to customers' doorsteps a range of banking service products including collection and payment of cash and cheques, various remittance instructions, delivery of account opening forms, process and onward delivery of products to customers, and en-

cashment of foreign currencies. ANZ Link will enable customers to make inquiries on account balances, account statements and the statements and status of outstanding letters of credit.

This will also help prepare import letters of credit and transmit them electronically to ANZ for issuance, transfer funds between customers' internal accounts or make payments to other domestic or international parties and send and receive messages and memos.

Last of all, ANZChe will replace manual cheque preparations and will provide a complete history of all cheque payments, guard against typing errors and provide robust security.

Head of Corporate Banking Kazi Mahmood Sattar told the newsmen that ANZ Grindlays had consistently been at the forefront of innovations and corporate customers also look toward to foreign banking segment for the latest banking tools and services of the international banking community.

He said the cash management products that are being launched by ANZ International Services Division are very much a continuation of the bank's strategy to offer a full range of modern banking services and increase its customer base through value-addition.

N Shaikat Choudhury, Senior Manager Marketing, was also present on the occasion.

# SAARC states agree on common strategies for WTO

NEW DELHI, May 13: The three-day consultative meeting of SAARC Commerce Secretaries ended here yesterday with member countries agreeing on common strategies for the World Trade Organisation (WTO), reports BSS.

The three-member Bangladesh delegation to the meeting was led by Commerce Secretary Alamgir Farooq Chowdhury.

The paper presented by Bangladesh on "problems of least developed countries (LDCs) in the multilateral trading system" inter alia highlighted the

need for increased market access opportunities on preferential terms for the LDCs.

Recognising that full participation by LDCs in the WTO would be facilitated through the setting up of a special cell on technical division within the WTO, the Bangladesh delegation agreed to prepare, in consultation with other SAARC countries, a paper on modalities, a release issued after the meeting said.

The SAARC supports continuation of the Generalised System of Preferences (GSP) for the LDCs.

Briefing newsmen after the meeting, Indian Commerce Secretary PP Prabhu described the discussions as "fruitful and constructive."

He said that the consultative committee meeting was confined to the WTO issues. The SAARC commerce secretaries discussed nine aspects in nine sessions during the last three days.

The meeting discussed mutual concern with a view to adopting a common position well in advance of the forthcoming WTO ministerial meeting to be held in Seattle, he

added.

The commerce secretaries undertook a comprehensive and informed assessment of the existing WTO regimes and their impact on the economies of SAARC countries.

The meeting noted that there is a move to overload the WTO agenda with 'new issues' which are premature and whose implications have not been adequately examined.

The SAARC commerce secretaries were of the view that rather than expanding the agenda, the WTO should give priority to implementation of

the existing agreements with reference to the impact on developing and LDCs.

The meeting deliberated on new issues which included industrial tariffs, investment and competition policy, government procurement, trade facilitation and trade and environment.

The meeting agreed on the urgent need to set up a forum on intellectual property rights within the SAARC region.

It agreed that the first meeting of the forum should be held before the meeting of the SAARC commerce ministers in

Male in the first half of September.

The meeting agreed that there should be a special group in the textile sector to synergise the factor endowments of the SAARC region.

The meeting reiterated that market access continued to be a problem area for most countries in the region. It was felt that for the forthcoming negotiations, SAARC countries should devise appropriate institutional mechanism for sharing information on issues related to the review of the agreement on agriculture.

# Tea market witnesses excellent demand

CHITTAGONG, May 13: The first tea sale of the season held here Tuesday was marked by excellent demand for all types of teas on offer at prices well above closing rates of the last season, market sources said yesterday, reports BSS.

Loose tea buyers were very active for all types of teas with selective interest from the blenders. There was limited interest from export buyers. Dusts were also very strong market wholly absorbed by the internal buyers.

Bold brokers remained unsold due to lack of bids well below sellers' expectations list. Large brokers met with a selec-

tive demand at higher rates and others were withdrawn. Medium brokers were a string market and mostly sold between Tk 72 and Tk 77 per kg while smaller brokers were strongly competed for and sold between Tk 75 and Tk 85.

There was also a very strong competition for all fannings, especially for the cleaner and popular types. Prices ranged between Tk 80 and Tk 89 per kg.

Two hundred thirty one chests and 590 gunny sacks of dust on offer also met with an excellent demand at rates much above the closing of the previous season.



Rangs Group opened a new Rangs Toshiba Showroom-cum-Sales Centre at city's Elephant Road yesterday. Rihito Sato of Toshiba Corporation inaugurated the showroom. Executive Director of Rangs Industries Ltd, Rume Akhtar Hossain and Christiana of Toshiba Corporation are also seen. — Rangs photo