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DHAKA, MONDAY, JULY 5, 1999

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Food deficit 18 lakh MT in '98-99

Food and Agriculture Minister Begum Motia Chowdhury told the Parliament yesterday that food deficit in the country was 18.10 lakh metric tons in the fiscal year 1998-99, reports UNB.

Replying to a question from Begum Husne Ara Wahid (AL), she said that the deficit was met with food aid from development partners and donor countries and agencies as well as importing 34.64 metric tons through private sector.

In reply to another question from Panchanan Biswas (AL-Khulna), the minister said that in the 1998-99 fiscal, the food import through public and private sectors was 42.19 metric tons.

Giving break-ups, she said the private sector imported 34.64 metric tons of foodgrains — 26.59 tons rice and 8.05 tons wheat. During the period, import through public sector was 7.55 metric tons — 3.26 tons rice and 4.29 tons wheat.

MIDAS workshop from July 14

MIDAS will organise a two-day training workshop on "Business Management, Marketing & Bank Loan Application" for entrepreneurs of small and medium enterprises in the city from July 14, says a press release.

The enterprises include bakery, footwear, light electrical goods and handloom/handicrafts sub-sectors.

The workshop will help the participants improve their competency in respective management fields.

It will run from 9 am to 5 pm everyday. No participation fee is required.

BIBM celebrates Silver Jubilee July 11

To celebrate its silver jubilee, Bangladesh Institute of Bank Management (BIBM) has arranged a day-long programme on July 11, 1999 at its own premises, says a press release issued yesterday.

President Justice Shahabuddin Ahmed will inaugurate the programme at 10 am.

The inauguration will be followed by Second Nurul Matin Memorial Lecture on "Ethics in Banking," which will be delivered by Justice Muhammad Habibur Rahman, former Chief Justice and ex-Chief Advisor of the caretaker government.

Bangladesh Bank Governor and Chairman of the BIBM Governing Board Dr. Mohammad Faruquddin will preside over the inaugural session, while Dr. Muinul Islam, Director General of BIBM will make the address of welcome.

President Shahabuddin Ahmed will also unveil the Silver Jubilee Memorial Plaque at the BIBM premises. To mark it, BIBM has also arranged a photo exhibition on the events of its 25 years of activities.

The elite, high officials, columnists, journalists, top executives of banks and financial institutions, university professors, eminent bankers and personalities associated with BIBM since its inception, former directors, director generals and faculty members will grace the occasion.

BKB disburses Tk 245.36cr in Barisal region

BARISAL, July 4: Bangladesh Krishi Bank (BKB), Barisal Region has disbursed Tk 245.36 crore as agriculture loan among the farmers of 11 southern districts of the region in 1998-99 fiscal year, reports UNB.

An official source said that the target was fixed at Tk 222.20 crore for the period. The percentage of disbursement, however, was 110.

The districts are Barisal, Jhalakati, Bhola, Pirojpur, Patuakhali, Barguna, Faridpur, Gopalganj, Madaripur, Rajbari and Shariatpur.

Tk 29.02 crore was disbursed in Barisal districts, Tk 8.21 crore in Jhalakati, Tk 26.50 crore in Bhola, Tk 16.43 crore in Pirojpur, Tk 27.85 crore in Patuakhali, Tk 21.57 crore in Barguna, Tk 26.95 crore in Faridpur, Tk 18.65 crore in Gopalganj, Tk 23.53 crore in Madaripur, Tk 21.39 crore in Rajbari and Tk 25.26 crore in Shariatpur district.

Sponsors' representation in SEC turned down

By M Shamsur Rahman

The Securities and Exchange Commission (SEC) yesterday ruled out the demand for representation of listed companies' sponsors in the Board of the Securities and Exchange Commission (SEC).

At a meeting between the SEC and Bangladesh Association of Stock Exchange and Listed Companies (ASELC), the capital market watchdog said that such an option was out of question since it would give rise to conflicts of interest, meeting sources said.

The ASELC had earlier called for necessary amendments to laws for having representatives from the issuers and investors in the SEC Board.

ASELC claimed that coordinated efforts for the development of the capital market could not be made due to lack of representation of the issuers and investors in the SEC.

"Lack of representation often results in contradictory and conflicting regulations by SEC, creating an atmosphere of confidence dearth in the issuers and investors," the ASELC said, while recommending a set of suggestions for the development of the capital market.

The meeting yesterday also discussed suggestions by ASELC for development of the market, which, among other things, include allowing merchant banks to build up their own portfolios for issuing mutual funds, withdrawing ban on brokers barring them from acting as underwriters and issue managers and setting up of a central conference hall for holding annual general meetings of the companies.

The association also demanded creation of a bond market for ensuring depth and maturity of the capital market.

The SEC informed the meeting that it had sent the ASELC proposals to a World Bank study team, which is currently preparing a report on a possible bond market.

The association suggested that a bond market would enable profit-making companies to raise funds from the market. "It will ease pressure on banks and financial institutions and cater to the needs of fixed income-seeking investors."

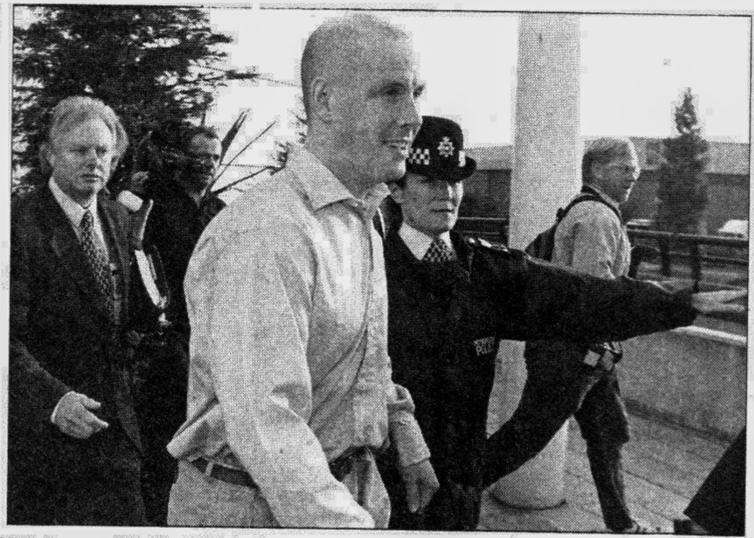
The SEC also turned down a proposal for setting up a quasi-judicial committee to settle complaints before initiating cases against any listed company since the existing provisions have scopes for appeal before the SEC.

Regarding their demand for lifting lock-in on sponsors' holdings, the regulators said that the present practice was in line with the neighbouring countries.

The current SEC regulations keep the sponsors from selling any part of their shareholdings within three years from the date of commercial production or initial public offering (IPO).

The suggestions pointed out that such SEC prohibition was limiting the process of industrialisation as "it often makes it difficult to raise funds for investment in the same company or in other projects undertaken by the sponsors during the lock-in period."

"Lock-in conditions for sponsors of listed companies should be waived so that they may divest a maximum 50 per cent of their holdings for investment of the sale-proceeds in the same company or any other company sponsored by them in the form of equity or loans," the suggestions said.



Nick Leeson (C), the British futures market dealer who brought about the downfall of Barings Bank whilst working for their Singapore offices, arrives back at Heathrow, London, Sunday. Leeson, who was released from his Singapore Prison on the day, had served more than 4 years of his prison sentence. —AFP photo

Accumulated imbalance \$4808m in 7 years Country faces trade gap with all SAARC states

Bangladesh is facing trade imbalance with all other SAARC member countries, the commerce and industries minister informed Parliament yesterday, says UNB.

The accumulated trade imbalance with the SAARC member countries reached 4,808 million US dollars during the period from 1991-92 to 1997-98 fiscal years, Tofail Ahmed said replying to Goutam Chakravorty (BNP-Tangail).

However, he said that the trade imbalance with India was decreasing due to the steps taken by the present government.

Replying to a supplementary question from M. Fazlul Azim (BNP-Noakhali), the Commerce Minister said due to the unilateral decision to liberalise and globalise the economy in 1993 by the BNP government, the trade imbalance with India started to increase rapidly and went up to its peak in the fiscal 1995-96.

He said in 1992-93, the trade imbalance with India was 332 million dollars while it rose to 1,028 million dollars in 1995-96.

After the Awami League assumed power, the government took a number of decisions to reduce the trade gap. As a result, the trade gap has gradually come down to 868 million dollars, the minister said.

He said BNP withdrew the quantitative restriction and tariff and non-tariff barriers on import even before the WTO agreement.

"After assuming power, realising the situation, we opened discussion with India and by this time, we have been able to persuade India to withdraw all tariff and non-tariff barriers for Bangladeshi exports to India," Tofail said.

"They have also agreed to give duty-free access to 25 Bangladeshi products on a non-reciprocal basis," he said hoping that it would increase Bangladesh exports to India and import of Indian goods to Bangladesh.

Replying to Fazlul Azim, the minister also informed the House that any decision on devaluation would come only after considering the conflict of interests of exporters and im-

Emirates strikes finance deal for third Airbus A330-200

Emirates has signed a US\$ 82.4 million financing agreement for the acquisition of the third of 18 Airbus A330-200 powered by Rolls-Royce Trent engines, which the carrier has on firm order.

The aircraft is scheduled for delivery to the airline in Toulouse on July 7, 1999, says a press statement.

The financing is structured as a 10-year finance lease arranged by Credit Agricole Indosuez and is guaranteed by the UK's Export Credit Guarantee Department (ECGD), Germany's HERMES and France's COFACE.

The other leading banks are Kreditanstalt für Wiederaufbau, DZ Bank, Deutsche Kommunalbank, Norddeutsche Landesbank, Landesbank Rheinland-Pfalz Girozentrale and Landesbank Schleswig-Holstein International SA.

Dermot Mannion, Emirates' Finance Director, signed the financing documents with Sitor Senghor, Vice President, and Christophe Jaliois, Assistant Vice President, both from Credit Agricole Indosuez and Angelika Beyer, First Vice President from DZ Bank, Deutsche Kommunalbank. The signing took place on June 26 in London.

PERC poll findings say Singapore, HK, Japan have most reliable statistics

SINGAPORE, July 4: Singapore, Hong Kong and Japan have the most reliable official and private-sector statistics and forecasts in Asia, where economic numbers are often plain rubbish, according to a regional survey, says AFP.

"Remember, garbage in, garbage out. A lot of the statistics generated by many governments and private bodies in the region are just that — garbage," the Political and Economic Risk Consultancy Ltd (PERC) said.

PERC, which regularly polls some 400 expatriate businessmen in East Asia about regional issues, said Vietnam, China, Indonesia and India fared worst in its survey of perceptions about official and private-sector statistics.

In the middle rankings were Taiwan, South Korea, the Philippines, Thailand and Malaysia, the Hong Kong-based PERC said in the latest edition of its fortnightly journal Asian Intelligence.

PERC noted that the more affluent a country, the more reliable its statistics tend to be, whether from the private or

public sector. But overall, respondents tend to have more faith in private-sector forecasts.

PERC, which advised corporate and other clients on regional affairs, warned against over-reliance on official statistics for planning, saying "softer variables" like corruption, nepotism and close links between politics and business must be taken into account.

"Tax avoidance is often a national pastime. Record keeping is grossly inadequate. There is no way to accurately estimate consumer spending and many other fundamental economic statistics in many Asian countries," it said.

"All too often, those using these statistics place too much faith in their accuracy," it said, adding the potential margin for error is huge.

It cited Indonesia's agonisingly long vote count, still unfinished nearly one month after the historic June 7 general elections whose outcome could determine the result of indirect presidential polls later this year.

"No matter what the reason is, it is a damning indictment of the quality of statistics in that country," it said.

"If fraud is involved in the vote count, why should any other numbers be more credible? If the delay is due merely to slowness and inefficiency, why should the collection of any other data be more efficient?" it said.

It stressed that "Indonesia is not the exception or even the worst case in Asia."

As Asia starts to recover from the financial crisis that erupted two years ago, PERC warned of a risk that official figures will exaggerate the recovery.

"Governments from Malaysia to Japan want very much to put a positive spin on statistics in the hope that consumer and investor demand can be stimulated," it said.

PERC said that even in the most highly-rated countries, the statistical picture is not complete.

It said in Japan, a lot of problems, particularly in the banking sector, remain hidden from public view.



A Cambodian woman cleans fish while sitting next to other women in front of piles of garbage in an open market in Phnom Penh Sunday. Space at the market is at a premium and finding a clean spot to display goods for sale can sometimes be difficult. —AFP photo

Indian shares may consolidate on military gains in Kashmir

BOMBAY, July 4: Indian shares are expected to consolidate next week on positive sentiment following Indian military gains in Kashmir, brokers said yesterday, reports AFP.

The Bombay Stock Exchange (BSE) 30-share sensitive index was up 82.78 points, or 2.1 per cent, to close the week Friday at 4,194.55 points, over the previous week.

The 100-share national index was up 30.62 points, or 1.7 per cent, and closed the week Friday at 1,800.51 points.

India is fighting hundreds of Islamic guerrillas and alleged Pakistani troops occupying strategic points in Indian Kashmir.

The Indian military has captured several of the peaks in recent weeks, and has vowed to drive out the Islamic "intruders" from Kashmir.

India has also been buoyed by international support over the conflict.

"The market used to be nervous that this could turn into a full-scale war with Pakistan," said dealer Ashwin Kedia, at a domestic brokerage.

"But now with overwhelming international support for India, it is unlikely that Pakistan will precipitate a war," he said.

Other stock brokers said the market was expected next week to shed some of its present caution over Kashmir.

"Business volumes were very low this week. They are expected to pick up in the coming week. The market moved up 1.2 per cent Friday, indicating significant carry-forward positions."

"Interest rates for carry-forward transactions seem reasonable, which shows that funds are available at reasonable rates. This means there is a

likelihood of a steady rise in prices," said Ajit Ambani, a broker.

During the week's trade, Associated Cement Co. declined 3.50 rupees to 169 rupees, Glaxo lost 18 rupees to 707 rupees while Reliance Industries gained 3.65 rupees to 180.80 rupees.

Tofail tells Parliament 97pc garment export target achieved

Commerce and Industries Minister Tofail Ahmed yesterday told the Jatiya Sangsad that the country achieved 96.98 per cent garment export target during the first nine months of the 1998-99 financial year, reports BSS.

Replying to a question from BNP lawmaker Mohammad Fazlul Azim (Noakhali-6), the commerce minister said that the government had fixed an export earnings target of \$2950.50 million dollars from the garments sector during the period.

He said the government has already taken up some encouraging steps to increase export earnings from the sector.

The steps included back-to-

back letter of credit (LC) for exporters, identification of the sector as "grant sector," 50 per cent tax reduction on the export earnings, 25 per cent alternative financial facilities for the backward-linkage industries, reduction of value addition in export of sweaters from 40 per cent to 25 per cent, acquisition of 17.33 acres of land for setting up garments village at Hemayetpur, expansion of bonded-warehouse facilities for 100 per cent export-oriented industries and facilities for exporting capital machinery for the industry, removal of tax at source, facilities of GSP permission for importing grey cloth for the sector and tax-free import of spare parts.

NZ, S'pore, Chile mull over free trade area

DUNEDIN, New Zealand, July 4: New Zealand, Singapore and Chile are discussing the creation of a Pacific Rim free trade area, an official said Sunday, reports AP.

Tim Groser, the principal economic adviser for New Zealand's foreign affairs and trade department, said the discussions were preliminary, but some nations in the Asia Pacific Economic Cooperation forum had indicated the idea is worth investigating.

"New Zealand is ready to sit down with any trade partners to talk about an extension of a free trade area," Groser said.

A cruel awakening for India's tourism dreams

BOMBAY, July 4: Political uncertainty, poor infrastructure and the ongoing Kashmir conflict with arch-rival Pakistan are scuttling India's plans to draw five million tourists in the year to March 2000, reports AFP.

New Delhi has declared fiscal 1999-2000 "Explore India Millennium Year" and hopes to attract five million visitors — more than double the previous year's number.

Special events include year-long celebrations at the famed 1,000-year-old erotic temples in the town of Khajuraho, festivities marking the 300th anniversary of the founding of the Sikh religion and package tours to

remote areas including the Andaman islands.

"I do not think we will attract even 2.5 million tourists this year. In fact we could see a drop of one or two per cent over the previous year," said Sushil Bhatt, senior official at Thomas Cook.

India's ruling Hindu nationalist government lost a parliamentary confidence vote in April and mid-term elections are due in September.

"Political uncertainty always results in tourists putting off their visits to a country and this time around India has been no exception," said Subhash Goyal, president of the Indian Association of Tour Operators.

Goyal said most of the cancellations came in from overseas business delegations.

India's second nuclear tests conducted in May 1998 also saw a large number of Japanese tourists cancelling visits, said one official at a top travel agency.

The official said scores of Japanese tourists "were particularly hurt that India, the land of Mahatma Gandhi, should set off a nuclear arms race in South Asia."

India granted 2.3 million tourist visas last year, compared to 5.2 million issued by tiny Singapore.

Sushil Bhatt at Thomas Cook said the sorry state of India's tourist sector could partly be attributed to bad luck.

"Some three years back we had the plague scare, which wiped out the entire tourist season. After that it was the turn of political uncertainty and the Kashmir conflict to spoil matters," Bhatt said.

However, he also admitted that short-sighted policies had left a woeful infrastructure for dealing with overseas visitors.

"We do not have enough good quality hotel rooms, domestic air connections, road systems and other infrastructure or even a comprehensive

plan to give a determined push to tourism."

"For many visitors the services at airports, railway stations can be a nightmarish experience. Just setting targets and having piecemeal growth does not help," he said.

The federation of Hotels and Restaurants Association of India estimates that India needs an additional 62,000 hotel rooms over the next five years from the present 63,000 approved rooms.

New Delhi's pro-market reforms begun in 1991 saw a sharp rise in business travellers, which led to hotels hiking room rates.

But high priced rooms, rising travel costs and poor general infrastructure are driving tourists to cheaper destinations.

"Flying to India from Europe or any other place is now more expensive than flying to Southeast Asia. Flying within India is also more expensive than flying to say Bangkok or Singapore," said the spokesman for the luxury Oberoi hotel chain.

"So most of the hotels in the big cities are reporting occupancy levels down by between 40 and 50 per cent and the situation is getting worse," he said.

Thailand escapes worst of crisis' social impact

BANGKOK, July 4: The dire social impact expected as a result of Thailand's two-year-old economic crisis never materialised, a World Bank report received today said, reports AFP.

Despite rising unemployment and tight budget restrictions imposed by the recession, health and education services fared better than expected the report said.

"The intrinsic strength of the Thai family has asserted itself with remarkable resilience," it quoted World Bank country director J Shivakumar saying.