

No plan to liberalise capital account fully: Kibria Global economic crisis may have impact on Bangladesh

Finance Minister Shah AMS Kibria has hinted an economic downturn in the country caused by global economic recession, reports UNB.

"We were passing through a stable economic situation... but it's not possible to avert the impact of the global slump," he told a day-long national seminar here yesterday.

"Rest of the world, barring USA, is suffering from the recession," Kibria said adding that the growth rate of international trade has dropped by 2-3 per cent last year.

He said USA has enjoyed an economic growth continuously for last eight years, but their trade deficit is now going up day by day.

"Our export growth has fallen and it affected the industrial production... I think, the growth of investment has also fallen," he said. "We could maintain stability in the rural economy due to our right macroeconomic steps."

The finance minister said it had been possible to maintain stability in the rural economy by infusing massive agricultural credit, issuing VGF cards among 42 lakh families and increasing the Food for Work Programme.

"We will have to stimulate investment, industrial production and rest of the service sectors," he said adding that the government was taking steps in these regards. "But the banks must have the leadership role."

Bangladesh Institute of Bank Management (BIBM) organised the seminar on "Implications of WTO on the Banking and Financial Sector in Bangladesh" at its seminar room with Bangladesh Bank governor Dr Muhammad Farashuddin in the chair.

Kibria said the government has no plan to liberalise the full capital account in the backdrop of globalisation. "We will not do it... it's not possible until our economy stands on a strong base."

The government has liberalised the current account fully and the capital account partially, he added.

Referring to the recent South Asian economic crisis incurred

due to short-term lending from abroad, he said Thailand faced a serious setback as soon as the country opened up its strong economy.

"We don't expect short-term lending from abroad... we have to check the temptation. Of course, we need capital, we always welcome foreign capital as equity for any sector, including export oriented industry."

Besides, he said, foreign capital for productive sector with attractive duration will be appreciated. "We may have to face problems, if we bring foreign capital for 1-2 years with high rate of interest."

In the backdrop of globalisation, Kibria said developed countries were imposing standards on various fields like health, environment and child issues, which they did not achieve in the primary stage of their economy.

Criticising a section of businessmen in the country for their default culture, Kibria

said the government must have to bear the burden if they (businessmen) don't repay the foreign debts as per their tradition.

"The South Asian countries had to face the same problem," the finance minister said.

The finance minister also denounced the new private sector commercial banks for their charging high rate of interest on loans against a lower deposit rate. "The government has liberalised the banking sector, but the lending rate is still too high."

He said it would not be possible for the default loan burdened commercial banks to reduce the lending rate, but the new banks should come forward.

Kibria also spoke of hundreds of complaints against banks that came to him every day and ask the bankers to dispose of any loan proposal very quickly.

"Rejection should be prompt, firm, final and clear," he said and called upon the bankers to take decision on any loan proposal within three months. "In case of any appeal, dispose it also within the next three months."

About inflation, the finance minister said around five per cent rate of inflation is now prevailing in the country, which is not very high. In respect of non-food items, the figure is not above four per cent.

He said the price of food items increased by about six per cent during July-December period of 1998, but the rising trend came to an end by December, 1998.

Kibria said IMF estimated the inflation at a rate of 7.5 per cent without taking into consideration the phenomenon of flood last year.

"The IMF estimate will come down to five per cent if we avoid the price hike during the flooding," Kibria said.



Conductors for ISO 9000, Quality Institute of America, and personnel of Bangladesh American Tobacco who attended a two-day training programme on "Understanding and Implementing ISO 9000" pose for photograph.

Jute spinners blast congestion surcharge at Ctg port

Bangladesh Jute Spinners Association (BJSJA) has expressed grave concern at the news that Chittagong Feeder Trade Committee (CFTC) had unilaterally imposed congestion surcharge of 100 US dollars per TEU on all export and import containers handled at Chittagong port to be effective from August 25 this year despite our earlier request not to impose surcharge, says BSS.

BJSJA said such abnormally high surcharge would adversely affect the export of jute yarn and other commodities at a time when our exporters of jute yarn had been struggling hard to promote export of their products in a depressed world market in competition with other exporting countries.

The imposition of congestion surcharge was totally unjustified and uncalled for as there was hardly any congestion of container vessels and containers at Chittagong port, the association noted.

It further said this unilateral decision to impose such surcharges without consulting the users was in violation of the UNCTAD Code of Conduct on liner shipping. Hence the congestion surcharge was not acceptable to our shippers and it would create misunderstanding between shippers and the CFTC members, it added.

Although freight rate of Bangladesh ports was much higher than that of Indian (Calcutta) port and the shipping lines recently increase their freight further which aggravated the situation, it said.

The association again urged the CFTC to withdraw congestion surcharge immediately as the port situation had already improved and there was no berthing delay at present.

Dhaka to receive Tk 35cr grant from Japan

Bangladesh is to receive Tk 35 crore from Japan as grant for the project of the Construction of Multipurpose Cyclone Shelter (phase IV), says UNB.

An Exchange of Notes to this effect was signed between the two countries here yesterday, said an official handout.

ERD Secretary Dr Mashur Rahman and Japanese Ambassador to Bangladesh Yoshikazu Kaneko signed the agreements on behalf of their respective governments.

With the grant, Local Government Engineering Department will construct 21 multipurpose cyclone shelters in the coastal areas.

QIA conducts training for BATB

Quality Institute of America (QIA) recently conducted a two-day training programme on Understanding and Implementing ISO 9000 for British American Tobacco, Bangladesh (BATB), says a press release.

BAT, Bangladesh, which has already got an elaborate System for Quality Assurance, has expressed its commitment to adopt the International Standard for further enhancing its Quality Assurance System.

Speaking on the closing session, Zuzul Kabir of BAT, Bangladesh and Wazir U Alam of QIA, emphasised the need for an ever-increasing focus on quality.

The speakers explained that in the current competitive market environment, with the lowering of trade barriers, the only competitive advantage would be in terms of quality in all aspects of ones operations.

QIA, which has spearheaded the ISO 9000 movement in Bangladesh, congratulated BAT, Bangladesh for having decided to move on to a common internationally acclaimed Quality Management System.

Al-Arafah Bank declares 15 pc dividend

Star Business Report
Al-Arafah Islamic Bank Limited has declared a 15 per cent dividend for its shareholders for the year 1998.

The dividend was announced at the 4th Annual General Meeting of the bank held in the city on Thursday, says a press release.

The meeting was presided over by AZM Shamsul Alam, Chairman of the Board of Directors of the bank.

Adopted the balance sheet and profit and loss account for the year ended on 31st December 1998.

The Bank earned net profit of Tk 8.21 crore which was 6.72 per cent of the last year.

The meeting took stock of the overall performances of the past years and expressed satisfaction on the steady growth of the bank.

Among others, two directors from group 'B' were elected through secret ballot of the public shareholders. They are Engineer Mesbahuddin Ahmed and Siraj-ud-Dowla.

Illegal potato import hits cold storage business

Star Business Report

The leaders of Bangladesh Cold Storage Association (BCSA) yesterday urged the government to take necessary measures to stop importing potatoes falsely declared as seeds.

"In the name of importing seeds, some traders are importing potatoes from a neighboring country. This will seriously affect both the potato cultivators and the people involved in cold storage business," said Ata Uddin Khan, Chairman of BCSA, at a press conference at the association office in the city.

He pointed out that importers do not have to pay any tax for importing seeds, but they pay 47 per cent tax including VAT and duties on potato import.

To evade tax, some traders have recently imported potatoes for direct consumption

falsely declaring them as seeds. The illegally imported potatoes have already flooded the local market, he said.

Khan urged the government to charge the traders normal duty on the imported potatoes and take legal action against the unscrupulous importers.

"We have no objection if potatoes are imported legally by paying tax," he said.

The BCSA chairman mentioned that such illegal imports would also discourage farmers from cultivating potatoes since they would suffer losses from flooding of the market with tax-evaded cheap potatoes.

At the same time, cold storage business would also face huge losses.

Five companies based in Dhaka and Chittagong have recently been permitted by the

Plant Protection Wing of the Agriculture Extension Department to import 3700 metric tons of potato seeds.

"The farmers require seeds in November and December and there is no reason to import seeds at this time as these cannot be preserved for more than 15 days," said Khan.

"Moreover, we have no incidence of importing potato seeds from India over the past five years as we are self-sufficient in seeds," the BCSA Chairman said.

The press conference was attended, among others, by Sk Nurul Alam, Vice-Chairman, Khurshid Azam, SM Zahurul Haque, Jahangir Alam, Executive Committee members, and other members of the association.

Delay in PDB, DESA line transfer to REB feared Donors' money likely to go back unutilised

A three-day conference of the Palli Biddut Samities (PBS) began here yesterday with a call to further improve customers service, reports BSS.

Inaugurating the conference on Performance Target Agreement (PTA) of the PBS as the chief guest, State Minister for Power, Energy and Mineral Resources Prof. Rafiqul Islam urged the PBS officials to be vigilant about quality of customers service to attract more support from the government as well as the donors and creditors.

Chairman of Rural Electrification Board (REB) Brig. M A Malek echoed the state minister and urged the government to help transfer the transmission and distribution lines of Power Development Board (PDB) and Dhaka Electricity Supply Authority (DESA) on schedule to the REB as per earlier agreement.

He said donors' money may go back unutilised and the country will suffer more if the transfer of lines delayed further.

Member of the Parliamentary Standing Committee on Ministry of Power, Energy and Mineral Resources Zillur Hakim, Secretary of Power Division of the Ministry GM Mondol, Member (PBS and Training) of REB, Mohd. Towhidul Islam, President of Jhenidah PBS Syed Nasiruddin and GM of Tangail PBS Anisur Rahman spoke on the occasion.

Prof Rafiqul Islam said despite some recently surfaced differences of outlook among the organisations under the ministry, the government is firm to implement its decisions.

He said the transfer of lines of PDB and DESA as agreed before will be transferred to the REB in the course. He said the

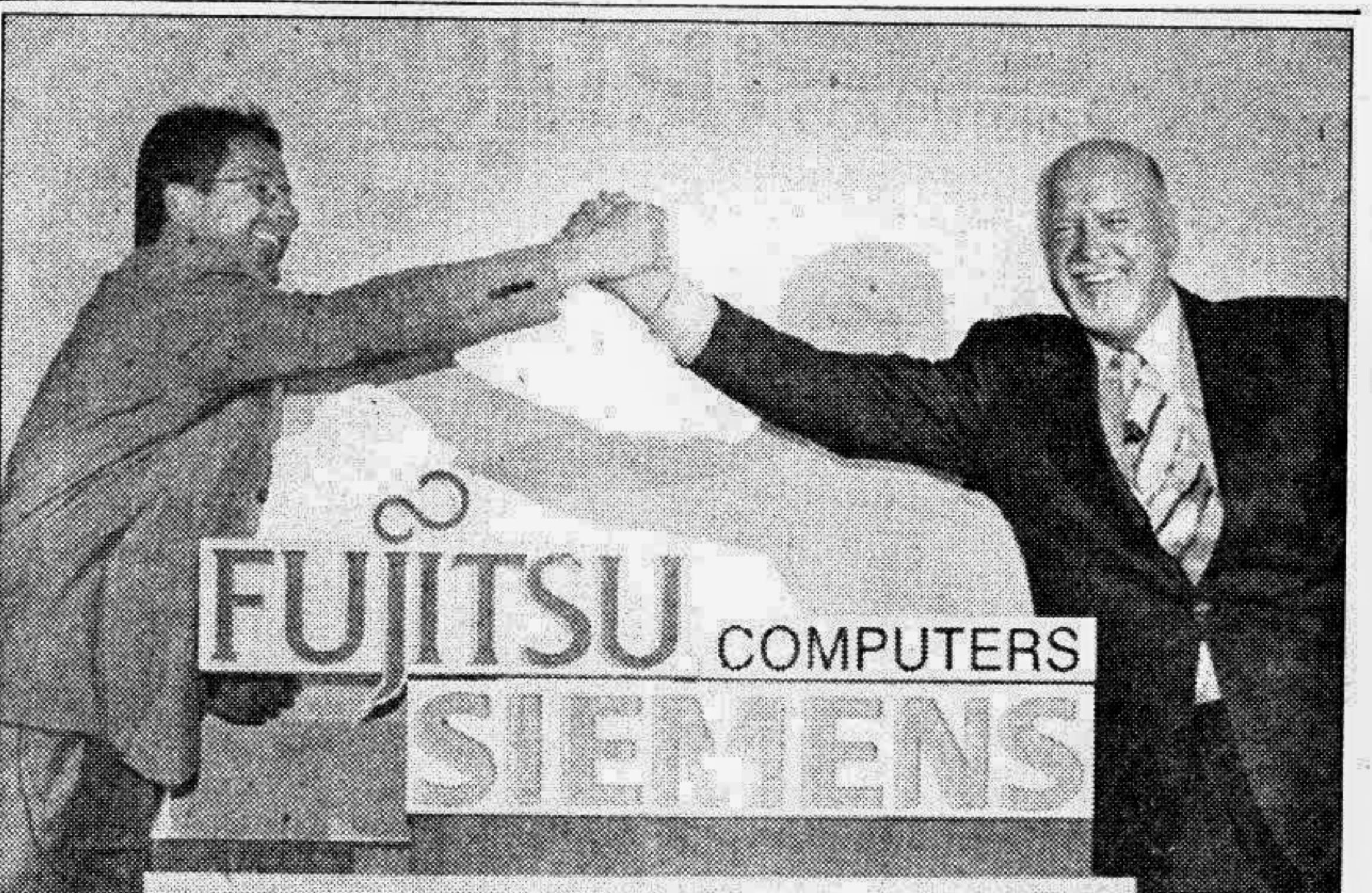
government has decided to increase the yearly development budget of the REB to the tune of Tk 100 crore.

Brig. Malek said the REB which maintains strict transparency and accountability, wants to take over the lines to make those commercially viable.

He said as per the PTA between the board and the PBS there is hardly any scope to nurture corruption and negligence of duties in the REB.

The REB chairman pointed to some criticisms comparing the REB with the PDB and said, the PDB has built 45,000 kilometer transmission and distribution lines in 55 years. Whereas the REB has developed 1,70,000 kilometers line in 18 years, he said.

He said the PDB and DESA have 18 lakh customers together, while the REB has 24 lakh customers.



Robert Hoog (L), President of Siemens Computer Systems, and Winfried Hoffmann, President of Fujitsu Computers in Europe, shake hands over the new logo of their joint venture, during a press conference in Frankfurt/Main, Tuesday. Japan's Fujitsu Ltd. and Germany's Siemens AG said they had agreed on a formal deal to create a European computer joint venture. Fujitsu Siemens Computers BV will be based in the Netherlands and will rank number two in the European market in terms of shipments and number three in terms of revenue, they said in a statement.

Malaysia may confirm end of recession this week

KUALA LUMPUR, Aug 24: Malaysia this week releases economic data virtually sure to confirm the end of the country's deepest recession in more than four decades, says Reuters.

The government will issue gross domestic product data for the second quarter on Wednesday.

Prime Minister Mahathir Mohamad has said real GDP was two to three per cent higher in the second quarter over the same three-month period in 1998.

A return to growth would confirm that Malaysia's recession, its most severe since independence in 1957, has ended, just as Mahathir considers whether to call snap general elections.

The National Economic Action Council said on Monday that GDP growth of two to three per cent in the second quarter was "achievable".

But some private economists are expecting a more robust rebound after five consecutive quarters of contraction.

Market consultants IDEA, citing "reliable local sources", said on Tuesday that the second quarter growth figure was likely to be between 4.2 and 4.6

per cent. "A number close to 4.4 per cent for Q2 could well take the year average growth rate through five per cent," it said.

The Star newspaper said the second quarter growth figure was expected to exceed four per cent.

Malaysia slipped into its first recession in more than a decade in 1998 when real GDP contracted by 7.5 per cent.

Malathir has credited the curbs on foreign exchange flows with protecting Malaysia's stock market and ringgit currency against speculative attack and paving the way to recovery.

Some economists say that Malaysia's economy, like those of some of its neighbours, would have recovered even without the controls.

The government is sticking with a conservative forecast of at least one per cent GDP growth in 1999 over 1998 despite signs that it will easily surpass that level.

ABN-Amro expects GDP growth of four per cent in 1999, while SG Securities is targeting 4.5 per cent.

Mahathir had been expected to call general elections to capitalise on the economic rebound.

Government of the People's Republic of Bangladesh Ministry of Science and Technology Bangladesh Secretariat, Room-903, Floor-9, Building-6 Dhaka-1000 R&D Proposals for Financial Support under Special Allocation for Science and Technology

Research proposals in prescribed form are invited from researchers/scientists/technologists of established R&D Organisations/Universities/Institutions of Bangladesh for financial support under special allocation from the Ministry of Science and Technology for the financial year 1999-2000. The programmes (detail of which described in the guidelines) are:

1. Capacity Utilisation Programmes
1.1 Research Contract (Annexure-A)
1.2 Coordinated Research (Annexure-B)
2. Capacity Build-up/Capacity Institutionalisation Programmes (Annexure-C)
3. Study Contract Programmes (Annexure-D)
4. Supplementary Support Programmes (Annexure-E)

2. Area of Research: Agriculture/Medical Science/Environment Science/Animal Science/Aquaculture/Marine Science/Microbial and Industrial/ Basic Sciences/others (to mention).

3. Guidelines for different programmes under special allocation for Science and Technology will be available: (1) at the office of Bangladesh Atomic Energy Commission/ Bangladesh Council of Scientific and Industrial Research/ BANSDOC/ Bangladesh Computer Council/ National Museum of Science and Technology/ Dhaka University/ Rajshahi University/ Chittagong University/ Jahangirnagar University/ Khulna University/ Shahjalal University of Science and Technology, Sylhet/ BUET/ Bangladesh Agricultural University, Mymensingh/ Bangladesh Sheikh Mujib Medical University (Ex-IPGMR)/ Bangladesh Sheikh Mujibur Rahman Agricultural University (IPSA). (2) at the e-mail address: most@bangla.net Attention: Mr Md Mijanur Rahman Request for File: general doc. After going through the general doc Again Request for File: ANNEX A/B/C/D/E (as applicable for you).

4. Researchers/Scientists/Technologists of those (para 3 above) and other institutions may obtain, on request, copies of Guidelines/Terms & Conditions/Prescribed Form (Annexure-A/B/C/D/E from the above institutions).

5. Researchers under the special allocation for the financial year 1997-98 who have not submitted project completion report should not apply.

6. Researchers under the special allocation for the financial year 1998-99 who have just started their programmes should not apply (if the programme/project continuation is a necessary in which case a progress report through prescribed format must be submitted).

7. The terms and conditions relating to expenditure of this research allocation and outline of subsequent activities are given in Clause 6 (Pages 5-7) of the above mentioned guidelines. Payment of salary or honorarium to any investigator, procurement of transport or furniture and making any construction work have been prohibited out of this allocation in order that funding is available for more number of R&D projects. The Ministry's intention is to optimise on the resources, be thrifty and cost conscious. Procurement of computer or refrigerator is restricted to special programme(s) / project(s) if the procurement appears to be essential in the research work. Purchase of aircooler or similar equipment cannot be done from this fund; when it becomes necessary, the implementing organisation should procure the same from its own resources or otherwise, but definitely not out of the fund.

8. The last date for submission of proposal (a) Annexure-A/B/C/D/E duly filled-in & signed and (b) Article 1 through 6 (7 Pages) of the Guidelines signed by the Project Director (Chief Scientific Investigator) 1 (one) set 1 for different programmes/projects, at the above address, is 31 August 1999.

Fazul Karim
Assistant Scientific Adviser
Phone: 864594
DFP-18298-22/8
G-1552

AIMS First Mutual Fund goes public next month

Star Business Report

AIMS First Guaranteed Mutual Fund, the first private mutual fund in the country, is expected to invite public subscriptions by the second week of next month.

A trust deed between the fund sponsors will be signed Sunday next at a city hotel with Finance Minister Shah AMS Kibria attending it as the chief guest.

The officials hope to get the authorities' approval within a week from the day of the deed signing.

The fund will be raised and managed by Asset and Investment Management Services (AIMS) of Bangladesh, a fund manager.

The sponsors of the fund include IPDC, IDLC, Sandhani Life Insurance, Sandhani Credit, Pangaea Partners (BD) Ltd, Uttara Finance Ltd, South-east Bank and Bangladesh Industrial Finance Company.

AIMS of Bangladesh is coming up with the fund years after the promulgation of the Securities and Exchange Commission Mutual Fund Regula-

tion 1997. The size of the new mutual fund will be Tk five crore. Of the total amount, 40 per cent or Tk two crore will be provided by the fund sponsors, while the rest 60 per cent will be raised through private placement and public offerings.

The fund, which is meant to enjoy a five-year tenure, will be liquidated on its maturity at the end of the fifth year.

The fund will be a guaranteed one, meaning that investors will be assured of getting his or her money back, at least in the form of the face value, on its maturity or redemption.

The face value of each unit of the fund will be Tk one with 2500 units making a lot.

Bangladesh General Insurance Company (BGIC) will act as trustee of the fund while Standard Chartered Bank will provide the custodian service.

Unlike traditional mutual funds in Bangladesh, the fund will be invested in both equity and fixed income securities.

Government of the People's Republic of Bangladesh Office of the Executive Engineer Sylhet Public Works Division, Sylhet Corrigendum Notice

This is for information of all concerned that tender was invited through Memo No 1846/5(33) of this office dated 25/7/99 Tender Notice No 05/1999-2000. The last date of selling of the tender on 23/8/99, date of receiving tender on 24/8/99 and the date of lottery were fixed on 30/8/99. The last date of selling tender on 30/8/99, last date of receiving tender on 31.8.99 and date of lottery have been refixed on 7/9/99 due to unavoidable circumstances instead of those dates and the number 7 condition as mentioned on 2nd page of the tender will not be applicable in the concerned tender. This corrigendum notice, other terms and conditions of the tender will remain unchanged. The corrigendum will be considered as the part of the tender.

Name of work : 1) Converting existing government Shishu Sadan into Shishu Paribar (2nd phase), Roynagar, Sylhet. (Sub-heading: Work of construction of dormitory building) 1999-2000 fiscal year.

Abdul Wahed Zoarder
Executive Engineer
Sylhet Public Works Division
Sylhet
DFP-18190-22/8
G-1550