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# The Daily Star BUSINESS

DHAKA, FRIDAY, SEPTEMBER 3, 1999

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## JB reduces rates on its advances

The Board of Directors of Janata Bank has reduced the existing rate of interest on almost all types of industrial, agricultural and rural credits by 0.50 per cent to 1 per cent in order to encourage further investment and to boost economic activities of the country.

The reduced rates of interest has been made effective from Wednesday, says a press release.

The Board took the decision at its meeting on Sept 1.

## Kibria off to Calcutta

Finance Minister Shah AMS Kibria yesterday left for West Bengal State of India on a four-day official visit, says UNB.

He will attend the silver jubilee celebrations of the Sonali Bank branch in Calcutta apart from meeting the state government leaders, officials said.

Sonali Bank ranks first among the foreign banks in India in terms of profit performance.

The finance minister will meet with Chief Minister Jyoti Basu and take part in a discussion organised jointly by the Indian Chamber of Commerce and Industry and Bengal Chamber of Commerce and Industry.

Sonali Bank Chairman Al Aminul Islam and Managing Director Mahbubur Rahman Khan will also attend the silver jubilee.

## ANZ Grindlays Regional GM due today



Arun Nangia, Regional General Manager for Middle East and South Asia of ANZ Banking Group, arrives in Dhaka today on an official visit.

He was relocated to the region from the Bank's Head Office in Melbourne and is currently based in Dubai, United Arab Emirates, says a press release.

Prior to this, he was Chief Manager Corporate Banking for Tasmania and Victoria, Assistant General Manager-Asia and was responsible for operations in Korea, Malaysia, Philippines, Taiwan and Thailand.

Other previous appointments included roles in London, India and Melbourne.

Nangia's prime objective has been to further strengthen ANZ Grindlays' position as a leading bank in the region. His main focus has been to deliver a superior service proposition that adds value to ANZ's customers' businesses by concentrating on enhancing the quality and skills of ANZ's people in the region, and at the same time leveraging the Group's global network and strengths in product delivery.

During his visit, Nangia will meet the Governor of Bangladesh Bank, senior government officials and customers of the bank.

## Godown dearth Aman procurement drive in Rajshahi faces setback

NATORE, Sept 2: The government drive for procurement of aman rice and paddy during the irri-boro season faced setback due to shortage of storage facilities in the Rajshahi division, reports UNB.

Officials said the twin purpose of the procurement-price support to the farmers and building up stocks for meeting crisis at times of calamity — was not wholly achieved.

A senior official of the Regional Controller of Food Office in Rajshahi told UNB that the government took up a scheme to procure 3.45 lakh metric tons of food grains including 2.35 tons of rice and 1.10 lakh tons of paddy this year.

But due to shortage of food godowns, only 1.69 lakh metric tons of food grains were procured, leaving a shortfall of 1.76 lakh tons.

The officials said that about 4.10 lakh metric tons of food grains were stored in 170 government godowns in 16 northern districts which have a total capacity of 4.11 lakh tons.

Feasibility study is being carried out to construct eight more food godowns with a capacity of one lakh metric tons in Natore, Rajshahi, Naogaon, Bogra, Rangpur, Dinajpur and Joypurhat districts to increase the storage facility, officials added.

Farmers have appealed to the authorities concerned to ensure fair prices of paddy and rice during the upcoming aman procurement season.

# New pvt banks offer lucrative interest rates to win clients

By Monjur Mahmud

Some new private commercial banks (PCBs), which started their operations in the last couple of months, are trying to lure clients by offering more competitive savings and lending rates than the old banks.

As the old PCBs are burdened with huge non-performing loans, the fresh private banks are taking the advantage and offering more competitive rates.

Mercantile Bank Ltd (MBL), which started its operations in June last, is offering attractive rates on various savings programmes like Monthly Profit Scheme, Monthly Savings Scheme, Advance Savings Scheme, and Double Earning Savings Scheme.

Under the monthly profit scheme, MBL is paying Tk 1,000 per month against a deposit of Tk 100,000. The annualized return is 12 per cent.

The yield of the Monthly Savings Scheme is above 12 per cent. Advance Savings Scheme around 12.75 per cent and Double Profit Earning Scheme around 13 per cent.

The bank is also offering consumer credits at the rate of 15 per cent. MBL will soon launch micro-credit scheme of up to Tk two lakh without security for the small traders.

One Bank Limited (OBL), which entered the banking business in July, is offering different savings schemes including monthly Money-Maker. The return from the programme is 12 per cent while its Money-Spinner Plan is enjoying a 14.5 per cent yield.

Under the monthly Money-Maker Scheme, OBL is paying Tk 500 per month against a deposit of Tk 50,000.

Taking advantage of the Money-Spinner Plan, a depositor can earn Tk 86,250 in five years by making an initial deposit of Tk 10,000 and paying 60 monthly installments of Tk 888 each.

Besides, the bank is offering a 6.5 per cent interest on short-term deposits (STDs).

Compared to the new banks, the older ones are offering about one per cent lower rates on their savings schemes. Their lending rates are also about one per cent higher than the newcomers.

One of the different old banks is paying Tk 1,000 per month for a deposit of Tk 110,000.

Its lending rates range between 15 per cent and 17 per cent. Under the Consumers Credit Scheme, the bank is charging 16 per cent interests in addition to the one per cent service charge.

Those who are good borrowers are given a one per cent

rebate. Besides, if the party is good, we charge the minimum rate which is 15 per cent," said an official of the bank.

Most of the old banks pay six per cent interest on STDs, while some offer 5.5 per cent.

The annual return from most of the old banks' monthly schemes is 11 per cent.

One of the older PCBs pays nine per cent interest on one-year deposits, 9.5 per cent for two-year and 10 per cent for three-year deposits.

The bank charges 16.5 per cent interest on cash credits and 16 per cent on other credits.

Another old bank pays 8.5 per cent interest for one-year deposits and 9.25 per cent on deposits above two years.

This very bank charges 16.5 per cent interest for cash credits while the rates for other industrial advances range between 14 and 16.5 per cent.

## Region seen moving toward recovery

# WB lending to Asia may fall dramatically in 2000

SINGAPORE, Sept 2: The World Bank expects loan disbursements to Asian countries to fall dramatically in the June 1999-June 2000 fiscal year because the region is moving toward economic recovery, a bank official said Wednesday.

Jean-Michel Severino, the bank's vice president for East Asia and the Pacific region, said the bank lent \$6.2 billion to Asian governments in fiscal 1999 and expects that to drop by as much as 33 per cent this year.

As Asia's countries regain economic health and attract capital flows and market liquidity, the need for crisis-lending should diminish, meaning that the role of the World Bank in Asia will change, he said.

"We are at the stage where recovery is there, but still fragile," he said.

"Structural and long-term solutions to problems must now be addressed as the crisis is being mastered," Severino said in Singapore in the run-up to the World Bank's opening ceremony Wednesday of its Singapore office.

The new office will liaise with local and regional private and public sector groups to develop a long-term strategy for the bank in the region, he said.

"The economic and financial volatility that we have all witnessed in the past two years have set back the poverty-reduction efforts that have been so promising the region," he said. "The crisis underlined a fundamental truth: that economic growth must be sustainable institutionally, socially, environmentally and culturally."

Paula Donovan, the World Bank director of regional strategy who will head the Singapore office, said the city-state's adherence to global standards of transparency, governance, auditing and legal issues will "provide many lessons... and kernels of learning that will be relevant" for Asia's other embattled countries.

Severino said Asia's economies still have much to accomplish in terms of restructuring and reform, if capital flows are to return to the region.

"As economies re-emerge, countries have to be prepared to regain competitiveness," he said, adding that what is lacking so far is private investment.

That's where the World Bank and its advisory and consultancy expertise will take on greater importance — "soft activities" that will take the place of lending activities, he said.

"The bank is mandated to assist the poorer countries," he said, cautioning that Indonesia's difficulties in controlling scandals in the financial sector were of increasing concern.

Severino said that the World Bank is prepared to take a more outspoken and aggressive role in dealing with Indonesia's reform programs, given that corruption there is widely seen as endemic.

World Bank officials from around the region spent all day Wednesday in an in-house anti-corruption seminar, to look at how the bank can develop and improve strategies to fight systemic graft and corruption across Asia.

"You have to start from some point," he said. "In the two and a half years that I have been in Asia, there has been an incredible change in demand for clean, transparent operations. The demand is tremendous."

## Holzman calls on BOI chief

The US ambassador in Bangladesh, John C Holzman, called on the Executive Chairman of the Board of Investment M Mokammel Haque in the city yesterday, says a press release.

During the meeting they discussed investment climate, its potential and problems faced by the investors.

Various issues relating to US investment in Bangladesh including port, oil, gas and other infrastructure projects and their progress also came up for discussion.

Holzman hoped that potential US investors would show their interest in the medium-sized consumer durables industries based on the success and experience of the large-scale investments in Bangladesh.

The Executive Chairman assured him that BOI would make every efforts to ease the difficulties faced by the investors, actual and potential.

Holzman mentioned that it is now expected that President Bill Clinton may visit Bangladesh in early part of next year.



Appliances being displayed at a stall at the first-ever International Hotel and Restaurant Equipment Supplies Show (HARES) which began in city yesterday. The three-day exhibition is being held at the Dhaka Sheraton Winter Garden and is participated by several international and local firms. — Star photo

# US co to invest in LPG import terminal at Mongla

Esso Global Investments Limited (EG), an Exxon corporation, has entered into a joint venture agreement with Bangladesh Petroleum Corporation (BPC) and Mohammadi Petrotrade Private Limited (MPPL) to develop an LPG import terminal and bottling plant at Mongla, reports BSS.

The Joint Venture will bring in direct foreign investment to the tune of about US \$25 million and create job opportunities for 150 people.

An agreement to this effect was signed Wednesday in the conference room of the Ministry of Energy and Mineral Resources.

State Minister for Energy and Mineral Resources Prof Rafiqul Islam, Energy Secretary Dr Tawfique-e-Elahi Chowdhury, BB and senior officers of the ministry and BPC were present at the signing ceremony.

A new company, Esso Bangladesh Terminal Company Limited, will be established to import LPG and market Esso-branded LPG cylinders in Bangladesh. Initially, the company also plans to supply and bottle LPG for BPC marketing companies.

# UNSC to allow Iraq donate oil to Turkey

UNITED NATIONS, Sept 2: The UN Security Council agreed Wednesday that Iraq can donate 10 million of oil to Turkish earthquake victims without having the gift count against its UN export quota, reports AP.

The council committee that monitors sanctions against Iraq recommended Tuesday that Baghdad be allowed to go ahead with the donation. The recommendation was to take effect unless any of the 15 council members objected within 24 hours.

"There were no objections raised by any party, which means that the oil deliveries to Turkey for the earthquake victims will not count against current contracts," Peter Mollema, spokesman for the Netherlands UN Mission that heads the sanctions committee, said late Wednesday.

The council's action means that the 500,000 barrels being

given to Turkey will not be counted toward the ceiling of \$5.26 billion of oil that Iraq is allowed to export every six months under the UN oil-for-food programme.

Mollema said the sanctions committee sent a letter late Wednesday to Benon Sevan, executive director of the UN office of the Iraq Program that runs the oil-for-food program, saying "the Security Council notes the intention of Iraq to pump oil to Turkey for free".

Sanctions in place since Iraq's 1990 invasion of Kuwait bar Iraq from any unauthorised oil exports, and the Iraqi donation had sparked concern about a sanctions violation.

Proceeds from the UN oil-for-food programme set up in 1996, go to purchase food and medicine for Iraqi civilians suffering from sanctions and to pay for Gulf War reparations.

## Hotel equipment show begins in city

Star Business Report  
The first ever International Hotel and Restaurant Equipment Supplies (HARES) Show was opened in the city yesterday.

Civil Aviation and Tourism Minister Engineer Mosharraf Hossain inaugurated the three-day show as chief guest at Sheraton Hotel.

Speaking at the inaugural function, Mosharraf observed that the show is being held at a time when there is a thrust on the global tourism industry, particularly in the Asian region.

The Minister hoped that the show would help introduce and popularise the hotel and restaurant related products among the hospitality industry people and bring the producers, traders, and clients under the same roof for direct interaction.

A total of 27 internationally-reputed firms, 11 domestic and 16 from abroad, are participating in the gala exposition which aims at boosting the country's hospitality industry.

Besides Bangladesh, other countries which are participating in the HARES Show include Singapore, Thailand, Germany, Norway, Philippines and Italy.

Jointly organised by Hotel Operations Services and Tourism Management Consultants Ltd (HOST) and UNITY Services Ltd, HARES Show has been sponsored by Dhaka Sheraton Hotel, Topclean and DHL World Express.

The various hotel and restaurant supplies and equipment put on display at the show include guest room items, locks, safes, laundry equipment, chemicals, banquet items, furniture, fixtures, Chinaware, PABX, electrical devices, carpets, food and kitchen items, hotel linen, hotel software etc.

## Japan ready to step into forex market, says Miyazawa

TOKYO, Sept 2: Finance Minister Kiichi Miyazawa today reaffirmed Japan's readiness to step into foreign exchange markets to stop the yen's rapid advance against the dollar, reports AFP.

"As I have always said, if exchange rates fluctuate sharply and rapidly and disturb markets, we will respond," Miyazawa said, referring to the yen's climb to a seven-month high of 109 to the dollar earlier in the day.

"Whenever we need to take action, we will act promptly," he told a late news conference. At 5:00 pm (0800 GMT), the Japanese unit stood at 109.21-24 to the dollar, up from 110.17-20 late Tuesday.

The finance minister said the government would stay on the alert against a sharp upswing or downswing in the value of the yen that might threaten to disturb currency markets.

"We are always watching foreign exchange market movements," he said.

Asked if deputy finance ministers from the Group of Seven (G7) industrialised nations discussed possible joint market intervention at a meeting in Berlin earlier this week, Miyazawa said he was yet to know details of the meeting.

## Daewoo creditors' meet due today

SEOUL, Sept 2: Domestic creditor financial institutions of South Korea's ailing Daewoo Group DWGR, CN, will meet on Friday to discuss support measures for the group. Daewoo's main creditor bank said today, reports Reuters.

A Korea First Bank 00110.KS spokesman said the meeting was slated for Friday afternoon, but declined to elaborate on the topics to be discussed.

The creditor institutions are meeting for the second time since the group's 12 core units, including carmaker Daewoo Motor Co, were placed under a debt workout programme last week.

## Rich-poor gap widens in Vietnam

HANOI, Sept 2: The gap between rich and poor in Vietnam has widened considerably in recent years, an official of the General Statistical Office said Saturday, reports AP.

Tong Thi Dua, deputy director of the GSO's Social and Environmental Department, said the average well-off Vietnamese made 11.3 times the wages of the average poor resident last year. That was up from 7.3 in 1996 and the 6.9 average for the three previous years.

The survey, conducted by GSO in December 1997-December 1998, showed that annual per capita income was 3,465 million dong (\$248), 2 1/2 times more than in 1993 survey, she said.

The survey also showed that annual per capita income in urban areas was 9,057 million dong (\$647), 3.7 times higher than in 1993, and 2,544 million dong (\$180) in rural areas, double the 1993 figure, she said.

# HIPC debt-relief programme IMF finalising alternative plan for gold sales

WASHINGTON, Sept 2: The International Monetary Fund is finalising a plan for central banks to buy some of its gold reserves, freeing up about \$2 billion to pay for debt relief for the world's poorest nations, sources at the fund said on Wednesday, reports Reuters.

Under the plan central banks would buy part of the fund's gold reserves and the IMF would set up a trust fund for debt relief with profits from the sale, IMF sources told the agency.

The central banks would then pay future contributions to the IMF with gold instead of cash, in order to appease opponents of IMF open-market gold sales, the sources said.

One source described the plan as "the skeleton, with technicalities and details to be worked out later," stressing that nothing was set in stone.

When the International Monetary Fund announced earlier this year that it would sell 10 million ounces of gold on the open market to fund debt relief for 41 of the world's poorest nations, the plan met with a wall of criticism.

A patchwork of opposition from US lawmakers, the gold industry and countries as far afield as South Africa denounced the plan which they claimed would roll already depressed gold prices and hurt poor gold producing countries.

The IMF's proposed open-market sales suffered a fatal blow when gold hit a 20-year low in July after the Bank of England sold 25 tonnes of gold as part of its plan to cut its reserves by 415 tonnes.

Now with the clock ticking down the final weeks before the IMF's annual meeting in late September, its self-imposed deadline to find a solution to the gold-sales problem, officials at the fund are finalising a plan which they hope will silence objections.

Under the plan being considered, the IMF would sell part of its gold reserves to a group of central banks at market value. Since the fund values the gold on its books at about \$46 per ounce, selling the gold at market value, currently at about \$254 per ounce, would net more than \$200 profit per ounce, or more than \$2 billion.

The fund would return \$46 per ounce back to its General Resource Account then transfer the \$2 billion in profits to a trust fund. The trust would invest the \$2 billion and use the proceeds to fund the debt relief initiative and also its Enhanced Structural Adjustment Facility, ESAF offers concessional loans to struggling countries.

The central banks which bought the gold would promise to pay future IMF contributions in gold instead of cash, which is permitted under IMF rules. That would bring the bullion full circle, returning it to its original home in the IMF vaults.

The debt relief plan, which builds on an earlier framework, was agreed by the Group of Seven nations this summer in Cologne. The IMF's obligation under the expanded Highly Indebted Poor Countries Initiative debt relief plan is \$2.3 b.

# White House undecided on blocking loans to Russia

WASHINGTON, Sept 2: Put on the defensive by suspicious that international loans to Russia were illegally diverted through US banks, the White House hasn't decided whether it should block new loans to Russia from the International Monetary Fund, says AP.

Treasury Secretary Lawrence Summers said that there must be an adequate accounting of the money that has already been lent before the United States agrees to further lending.

It was the first time the administration commented extensively on the matter since news reports surfaced Aug. 19 of a money-laundering scheme in which some \$10 billion was believed to have been funneled through Bank of New York by Russian gangsters.

Law enforcement authorities have been investigating, among other things, whether the scheme involved diversion of IMF loans to Russia.

Vice President Al Gore, as a presidential candidate, already has come under fire from some Republican rivals for his close relationship with Russian leaders and his hands-on role in

US-Russian diplomacy, particularly as chairman of a joint commission on bilateral ties with former Russian Prime Minister Viktor Chernomyrdin.

The Russian government, meanwhile, insisted the case has been overblown by Western media and politicians. Foreign Minister Igor Ivanov called it part of a deliberate policy by "certain circles who don't want Russia to reassert its role as a great power."

In Washington, John Podesta, the White House chief of staff, defended the administration's record in dealing with Russia, saying that overall its policies have been a success.

He acknowledged Wednesday that corruption in Russia is a problem, but cited US successes in getting the Russians to withdraw from the Baltics and persuading former Soviet republics Ukraine and Kazakhstan to give up nuclear weapons placed in their territory by the old Soviet Union.

"I think we have tried to push forward to what's in the US national interest," Podesta said. "To make progress on an array of issues from arms control to what the structure and

stability of Europe would look like to creating a market economy and building democratic institutions in Russia that ultimately are up to the Russians to create and to make.

"We've had some progress. We've had some problems. And we're aware of the allegations of corruption. I think... we've tried to deal with them."

Regarding the IMF loans, Podesta said the White House wants to make sure the money "is going to reform-oriented projects" in Russia.

The board of the international lending agency is expected to soon consider approving a second, \$640 million installment under a \$4.5 billion loan package for Russia that was previously authorized. The 182-nation IMF has lent Russia more than \$20 billion since 1992.

Summers, in an interview in Wednesday's editions of USA Today, said the administration will not support approval of the next installment "without adequate safeguards to assure that any funds disbursed are used properly (and) without adequate accounting for the previous use of funds."