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### PDB chairman for raising revenue income

Chairman of the Power Development Board (PDB) Quamrul Islam Siddiqui Thursday called for enhanced activities of the mobile court to increase revenue income of the PDB and asked the field level officials to promote their supervisory activities and submit reports every month, reports BSS.

He also asked concerned PDB officials to bring down system loss as per the target. The present average system loss of PDB is 21 per cent, a PDB press release said in Dhaka Thursday night.

Presiding over a meeting of the PDB's field level officials at the WAPDA building, Siddiqui said the process for bringing all PDB activities under computer system was progressing fast to promote its service and monitoring.

Referring to PDB's revenue income, he said that the overall power sector development would suffer unless the revenue income was geared up to fulfill the target. He directed the officials to prepare a list of all defaulter clients both in the government and private sectors and strengthen the power disconnection drive. He also asked for forming at least three squads for disconnecting power lines in each divisional office.

It was disclosed in the meeting that a total of 1,27,408 power lines were disconnected last year in four power distribution zones including Chittagong where above 45,000 lines were disconnected, the press release said.

# 'Gas export from new fields needs grave weighing'

Petrobangla requires to earn its own funds for self-sustenance, development and growth of the sector

Star Business Report

To make Petrobangla or the country's gas sector self-sustaining, the issue of exporting a part of the gas from the newly-discovered fields is to be seriously considered in the light of augmentation of the gas reserves due to new discoveries. Petrobangla must earn its own funds for the planned development and growth of the gas sector, said a keynote paper to be presented today at a dialogue on "Optimising the Use of Bangladesh's Gas Resources" organised by the Centre for Policy Dialogue (CPD).

All activities dealing with explorations, appraisals and workover involve a huge expense requiring a considerable amount of foreign exchange, the study said, adding that the external funding agencies like the World Bank, Asian Development Bank or International Monetary Fund are no longer interested in funding such programmes, and Bangladesh has never been able to mobilise its own resources for Petrobangla even for the much-warranted programmes like gas well development and pipeline construction, says the paper on "Consumption and Options for

Development of Natural Gas in Bangladesh" by Dr AKM Abdul Quader, Professor of Chemical Engineering, BUET.

"During the 1996-1998 period, when Petrobangla was projecting the rise in the demand of gas, the required development of gas wells as well as pipelines needed for transmission of the same to meet the projected demand, tumbled on indecision and fund dearth."

In spite of the warning regarding formation damage, over-production continued in the Bakhrabad fields, resulting in the ultimate damage of the field, the paper said, adding that even today the proposed Ashudipur loop line leading to Ashugonj has remained unimplemented due to fund constraints.

The other normal activities such as field appraisal, scheduled workover and maintenance of production wells and facilities remain shelved due to unavailability of funds, it said.

It has become no one's business to allocate the much-needed funds for this sector except for making large projections of gas demand, creating

panic as well as making rooms for false hopes of economic prosperity amongst the politicians and the public."

The term "export of gas" is a politically-sensitive issue. It is not so as much as a commodity, but it is because of the potential buyers and fear of exhausting gas reserves too soon, the paper said.

Commercial terms along with considerations for sustainable growth and exploration shall be the criteria while deciding gas export at any given time, and the "export of gas" operation shall be handled by the government alone if it becomes a reality some day, it added.

"The government shall buy gas from international oil companies (IOCs), and go for export if it desired. IOCs shall not be involved in gas exports under any circumstances and the export revenue must come to the national exchequer straightaway."

The issue has become all the more important in the context of the purchase of gas by Petrobangla from IOCs in dollars. Petrobangla must find its

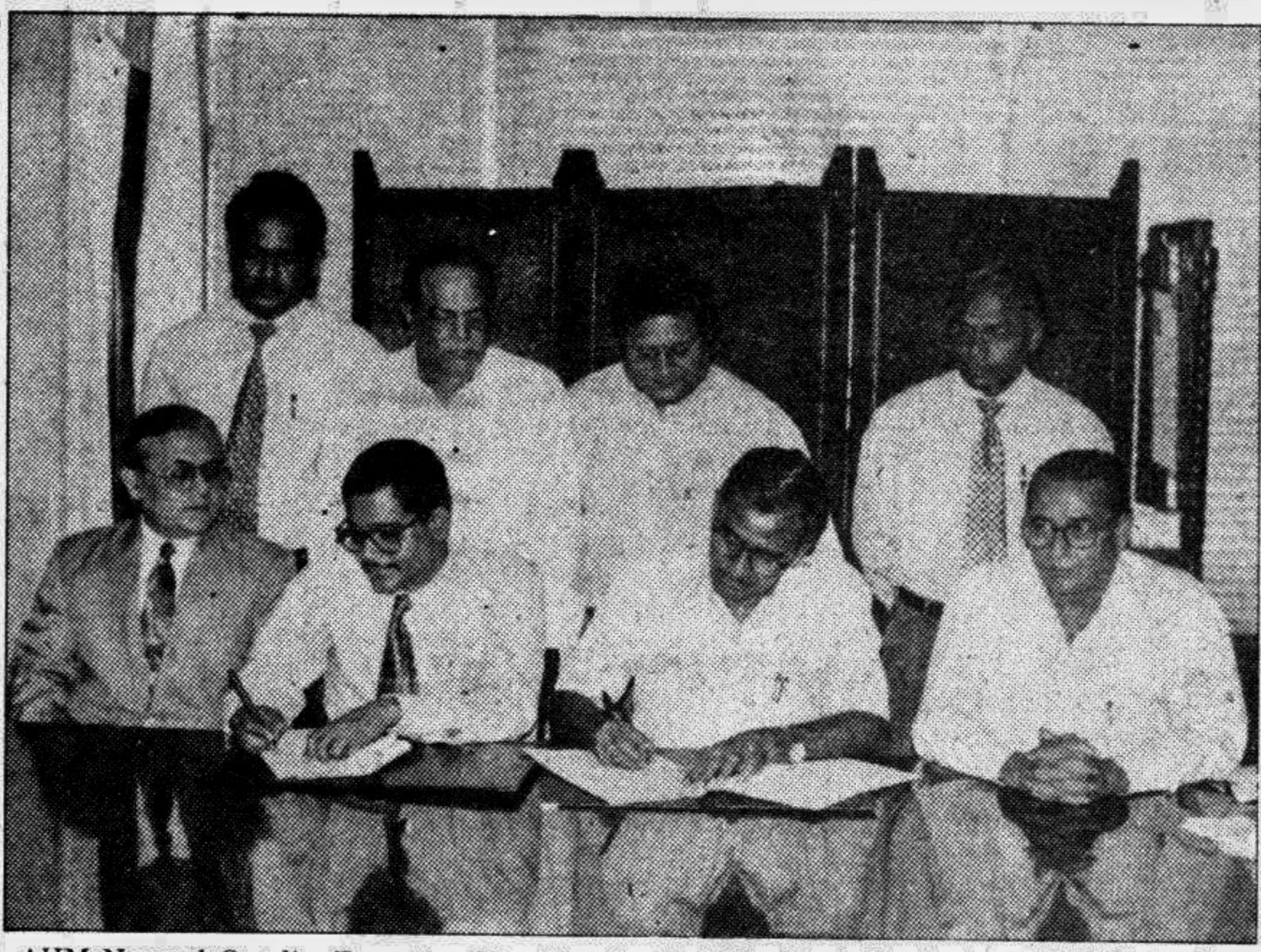
own source of dollars without depleting the national foreign currency reserves, it added.

The keynote further observed that the IOCs will have more vibrant exploration programmes if they are convinced that they can retrieve investments and earn profits from their operations.

Especially, offshore exploration by IOCs will get a boost if the new discoveries have a potential for immediate sale. Kutubdia, an offshore gas field, which has remained undeveloped since its discovery in 1977 by UNION, is a good example, it said.

"Time is now ripe to examine the present and future needs of hydrocarbon resources, and natural gas in particular, for the sustainable development of the sector in particular and the economy of Bangladesh in general."

The political leaders and the people at large must examine everything related to it pragmatically, and choose the options based on the commercial, economic and national strategies, the paper suggested.



AHM Nazmul Quadir, Executive Vice President of City Bank Limited, and Md Maqsudur Rahman, Director (Finance and Accounts) of T&T, sign the Internet bill collection accord in the city recently. — City Bank photo

### Imports surge 12.40pc in July

Imports showed a steady growth at the outset of the current fiscal year as the authorised dealer banks opened import letters of credit (LC) worth Tk 2,804.34 crore in July, reports UNB.

The rise was 12.40 per cent over the corresponding period of the previous 1998-99 fiscal.

However, in dollar terms the import growth was 7.92 per cent to US dollar 572.90 million in July 1999.

Import growth was mainly due to the increased volume of import of intermediate goods, industrial raw materials, capital machinery and machinery for various industries, said a central bank statement Thursday.

Major import items included textile fabrics and garment accessories (Tk 655 crore), chemicals (Tk 241 crore), machinery (Tk 179 crore), P.O.L (Tk 125 crore), cotton and artificial fibre (Tk 117 crore), wheat (Tk 114 crore) and all sorts of pulses (Tk 65 crore).

## RBI replaces clearing house system Indian banks fully Y2K-ready

BOMBAY, Sept 24: India's commercial banks are fully Year 2000 (Y2K) compliant and chances of disruption during the millennium changeover are negligible due to low automation levels, a central bank official said on Friday, reports Reuters.

"All commercial banks have reported full compliance to us as on September 1, 1999. There may be others, institutions which may not be compliant, but they pose no risk to the system," a senior official of the Reserve Bank of India told the agency.

The official declined to be identified.

The Y2K or millennium bug problem arises from a programming technique in older computers that used only two digits to denote years when keeping track of dates. Experts

fear this could cause some systems to malfunction if they misinterpret 2000 as 1900.

The RBI will provide details on the financial sector's compliance on its website by the end of the month.

The central bank official said international concerns on India's preparedness for the millennium bug were overblown and arose from a faulty understanding of the system.

Foreign fund flows into India and other emerging markets have been hit recently by concerns the country may not be adequately prepared for the millennium year changeover.

"Globally, developed countries which are taking a proactive role are trying to apply the same yardsticks as they apply to automated money markets. India is not an automated

money market," the official said.

The central bank had adopted Bank for International Settlements' standards to evaluate the system's preparedness, the official said.

"Here there are no online interfaces for any institution. Indian clearing houses are still stand-alone settlement houses. There is no networking in Indian money markets."

Some institutions in the financial sector were non-compliant but they posed no risks to the system, he said.

"The system has other players but they don't participate in the settlement process and have to use banks."

The official said the central bank had also upgraded its own systems, particularly those in its clearing houses.

"We didn't go to rectify them.

We replaced them totally. A new IBM system is functioning in the Bombay clearing house."

With banks' systems compliant, the RBI focused on contingency measures.

Last week, the central bank asked banks to stock cash to ensure smooth cash transactions during the changeover. It has also announced a system of liquidity support to banks for a period of two months starting December 1.

The RBI officials said risks to customers were low as banks had to compulsorily maintain manual records.

"In this country, everyday you have the balances on the manual system. We use a parallel computerised and manual system together," he said.

"Even RBI supervision requires banks to maintain manual records," the official added.

### City Bank, T&T strike bill collection deal

The City Bank Limited and Bangladesh Telephone & Telegraph (T&T) Board signed an agreement recently for collection of Internet bill through 10 branches of the bank.

The branches are: Principal Office, B.B. Avenue branch, Gulshan branch, New Market branch, Mouchak branch, Kawran Bazar branch, Mirpur branch, Dhaka Chamber branch, Islampur Road branch and Tanbazar branch (Narayanganj), says a press release.

The agreement was signed by A H M Nazmul Quadir, Executive Vice President of City Bank Limited and Md Maqsudur Rahman, Director (Finance and Accounts) of T&T, on behalf of their respective organisations.

Mohammad Faiz, Managing Director of the bank, and Md Abu Salek, Member (Finance) of T&T were present.

### Weekly Currency Roundup

September 19-September 23, 1999

**Local Market**

Last week, activity in the interbank market was steady and the demand for dollar was range-bound. The market was still extremely long in dollars and the demands for greenback was moderate throughout the week. The accumulation of dollar mainly occurred due to remittances sent by overseas Bangladeshis and donor agencies. Although import has increased a little, it was not enough to boost the demand for dollar. As a result, last week in the interbank market dollar traded in a range of BDT 49.470 to BDT 49.500. Cash US dollar traded in the higher range of BDT 51.50 and BDT 51.75 during the week.

The demand for call money was steady and the call rate fluctuated between 7.50 to 9.50 per cent. Last week Bangladesh Bank accepted Treasury Bills worth BDT 9742 million. Of this, BDT 9237 million was accepted for 28 days at an average rate of 6.99 per cent, BDT 365 million for 91 days at 7.96 per cent, BDT 120 million for 182 days at 8.18 per cent and BDT 200 million for 2 years at an average rate of 8.37 per cent.

**International Market**

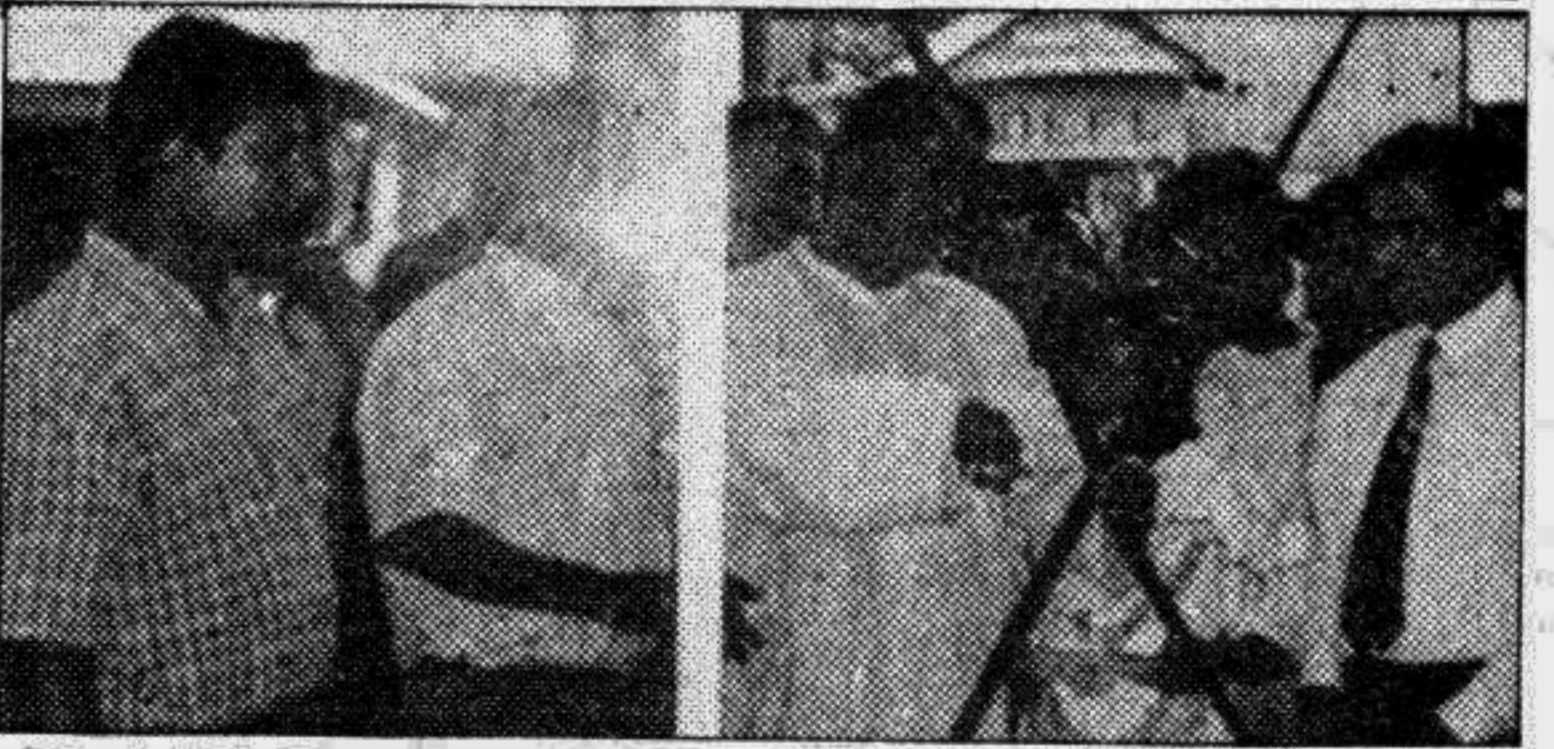
In the international markets, the beginning of the week saw yen on its heels as speculation grew that Japanese authorities might be gaining support from their Group of Seven counterparts to curb yen's strength. The dollar and the euro retained most of their gains to one-week high against yen as the market awaited the Bank of Japan's policy board meeting. The market players then held the opinion that any move towards a further credit easing would be seen as a first step towards concerted foreign exchange intervention. The market was speculating that the Bank of Japan could adopt so called sterilised intervention, in which it refrains from draining excess money market liquidity. In the middle of the week, Japanese yen rose sharply against dollar as the market did not expect any coordinated intervention by G7 countries to stop yen's bull run. On Tuesday, the Bank of Japan at its policy meeting kept monetary policy unchanged, which prompted the market to write off chances that the G7 would repeat Louvre Accord or Plaza Agreement. — Standard Chartered Bank

### Corruption may curb aid to Lanka

COLOMBO, Sept 24: Sri Lanka may lose out on valuable aid funds if donor countries decide to implement a new loan policy that will take a sharp look at government corruption, diplomats say, reports AP.

Nineteen donor countries meeting in Paris are discussing a proposal to include a clause on corruption in future funding agreements with the island nation, a spokesman for the German Embassy in Colombo said late Thursday on condition of anonymity.

If implemented, government corruption proved in a court of law would result in the reduction of funds by the donors' conglomerate, which includes most European countries, the United States, Australia and New Zealand.



Kazi Md Zonnoon, Chairman of the Rangpur municipality, inaugurates a Samsung Sales and Display Center at Station Road, Rangpur, recently. Md Sanullah Shahid, Chairman of Electra International, was also present on the occasion. — Electra Int'l photo

### Pest attack may take toll on Joypurhat Sugar Mill output

JOYPURHAT, Sept 24: Widespread pest attack on sugarcane fields is likely to take its toll on sugarcane output this season, clouding the prospect of sugar production in Joypurhat Sugar Mill, reports UNB.

Like the previous years, the insects, locally known as 'mazra poka', devastated the sugarcane fields in the district for the fourth time this season, frustrating both the farmers and the mill authorities.

Some 14,253 acres of land were brought under sugarcane cultivation as against the target of 17,000 acres, fixing the production target at 2.85 lakh MTs. The mill needs 1.6-lakh MTs of sugarcane to achieve its output.

The insects first attacked the sugarcane fields during the February-March period and it was controlled successfully by cutting the plants and the new plants grew shortly from the roots.

Kramuzzaman, Agriculture Manager of the Joypurhat Sugar Mill said that the second pest attack came in May, which was also controlled effectively.

He said when the pests attacked sugarcane for the third time in June, the plants had already grown larger in height. So, the farmers, he said, refrained from cutting their plants. They rather sprayed insecticides as their last resort, but all their efforts went in vain.



Two elephants advertising an Indian Internet company take a snack time outside the venue of the India Internet World 99 exhibition Friday. The largest Internet exhibition in Asia closes today after thousands packed its halls to witness innovations in Internet culture and commerce. —AFP photo

## East Asian recovery needs pvt sector support: WB

WASHINGTON, Sept 24: East Asian economies are on the road to recovery but need support from private investors who have not so far rushed back into the region, a senior World Bank official said yesterday, reports AFP.

"It is fair to say that, so far, private investment has not played an important role in the recovery," Jean Michel Severino, World Bank vice president for East Asia and the Pacific, told a news conference.

Improved growth in the region so far has been driven rather by improved balance of payments, higher foreign cur-

rency reserves and easier fiscal and monetary policy which have boosted domestic demand, Severino said.

One reason for the reluctance of private investors to return is that restructuring of the corporate and financial sectors in these countries is going too slowly, he said.

"This is very important because it means that there are a lot financial vulnerabilities that remain in the system and that, were the feelings of the markets to change, triggered by whatever, then the region would be quite vulnerable and might go done very quickly."

But private sector invest-

ment is vital if the recovery is to continue, because fiscal deficits will not be sustained indefinitely and the forces driving export recovery might weaken, Severino said.

Severino said the slowness of corporate and financial restructuring stood out because of the "striking" fact that since the Asian crisis erupted in July 1997, the "unthinkable" issues of corruption and bank restructuring had been addressed and "much has already been done."

Severino was speaking during a presentation to journalists of the World Bank's latest quarterly assessment of the East Asian economic situation.

### Summers says US economy has room to expand

WASHINGTON, Sept 24: The booming US economy still has room to expand, Treasury Secretary Lawrence Summers said here yesterday, a day after the IMF warned that US momentum would have to slow if inflation were to be averted, says AFP.

"The basic momentum of our expansion should be maintained because it is an expansion based on a fiscal strategy of budget surpluses, paying down debt and expansion of investment," he told a press conference here.

The United States now has the highest share of investment as a percentage of gross domestic product since World War II, he said.

## Small food firms pay price in Belgian dioxin scare

BRUSSELS, Sept 24: The storm over Belgium's dioxin in food crisis has greatly subsided, but half-year results from Belgium companies are painting a clearer picture of the damage, reports Reuters.

While the government and insurers are compensating farmers for their losses and large retailers were able to ride out the storm, smaller food producers have taken a pounding.

Food producers who had been banking on growth in the first half have instead reported losses, and further effects are expected in full-year results.

The discovery late in May that cancer-causing dioxin had entered the food chain via contaminated animal feed stripped supermarket shelves of many home-produced staples and

prompted restrictions on imports of Belgian food around the world.

Many companies like sausage and pre-cooked meals maker Ter Beke TERB. BR were forced to halt production, destroy stocks and buy in fresh supplies of raw materials after eggs, chicken and pork were all found to be contaminated.

Last week, nearly four months after the news first broke, Ter Beke said the dioxin crisis had halted an improvement in profits, driving the company into the red in the first half.

The company said it expected to make a substantial net loss for the full-year 1999 because of the crisis.

**Impact widened**

Although meat companies were in the front line, others soon followed as beef and milk

became implicated in the scare. Chocolate maker Neuhaus NEUHU, BR, which in the early days of the crisis predicted a negligible effect on its operations, posted a net loss for the 1998/99 accounting year, saying the dioxin affair had cost it 34 million Belgian francs (\$877,000).

Biscuit and cake specialist Corona-Lotus CORO. BR reported first-half profit down 47 per cent after the dioxin debacle, and expected full-year net profit to be 25 per cent lower than 1998.

The commercial rout has not been limited to Belgian firms.

The Dutch cooperative Friesland Coberco Dairy Foods said earlier this month it had lost 15 million guilders (\$7.06 million) because of the crisis, and warned losses for the full year could reach tens of millions of

guilders.

Despite being on the front line, farmers have been cushioned from the crisis through willing state support.

Belgium has arranged with the banks and the European Union to provide low-interest loans to affected farmers and compensate them for 100 per cent of their losses.

**Banks optimistic**

The country's biggest agricultural sector lender, KBC Bancassurance KBKBT. BR, booked a provision of 73.7 million euros (\$77.02 million) in its first-half results for dioxin-related write-downs and credit risk liabilities.

But Chief Executive Remi Vermeiren said he did not expect the bank would need to use much of the provision.

The country's second biggest agricultural sector lender made

no provision for dioxin-related costs, saying it was too early to make any estimate of loan defaults as a result of the scare.

Group Credit Agricola/Landbouwkrediet, 33.3 per cent owned by insurer Swiss Life RA.S, said it did not expect to have to make any extra provision for loan defaults. It said none of its clients were yet facing bankruptcy because of the dioxin crisis.

The Dutch-Belgian financial group Fortis AGFB, BV AMEVC. As announced late last month dioxin-related provisions by its banking arm of 53 million euros, with an additional 1.6 million euros in insurance provisions.

Supermarket chains said sales were unaffected by dioxin, although there were some higher costs linked to re-

stocking.

**Dioxin slows growth**

The outgoing government estimated in June that the crisis could cost some 60 billion Belgian francs (\$1.55 billion), although a government source recently put the bill at below \$900 million.

Central bank Governor Guy Quaden said earlier this month the crisis could cut economic growth by 0.6 percentage points.

Predictably, meat sector wholesale prices dropped sharply in July, when activity in the food processing sector was depressed, and a marked slowdown in the agricultural and food industries — which represent around five per cent of Belgian industry — contributed to a contraction in industrial production in June.

### Indian govt forms division for future tech

NEW DELHI, Sept 24: In an effort to allow Indian companies to gain access to newer technologies in the global market, the Department of Electronics (DOE) has set up a division called "Technologies for the New Millennium," says Xinhua.

According to the latest issue of Express Computer the division is expected to undertake research and development activities in areas such as advanced operating systems, embedded technologies, multi-lingual computing and parallel computing.

The DOE will work with other government bodies like the Centre for Development of Advanced Computing, the Indian Institute of Science, and Academic Institute of Information Technology on the project.