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BUSINESS

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BRTC to buy 68 Ashok Leyland double deckers

Bangladesh Road Transport Corporation (BRTC) yesterday signed an agreement with Ahok Leyland, an Indian automobile manufacturer, for supply of 68 Double Decker passenger buses, reports BSS.

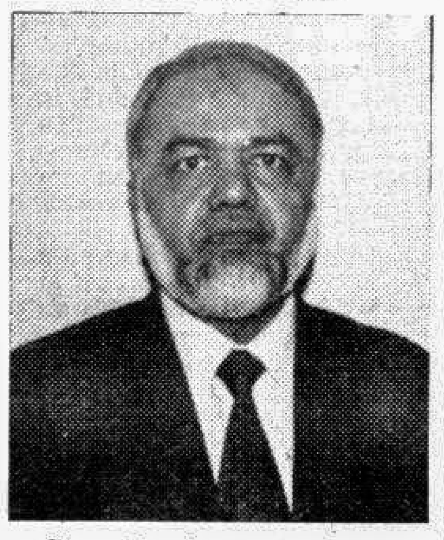
Director of BRTC Mohammad Abdul Matin Akhand and Managing Director of Ashok Leyland R Sheashi signed the agreement on behalf of their respective organisations, a BRTC release said.

Chairman of BRTC Mohammad Azmal Chowdhury and IA Tipu, Managing Director of EFAD Enterprise, local representatives of Ashok Leyland, were present on the occasion.

Earlier, BRTC received credit of Tk 40.51 crore from Indian government to procure 150 Double Decker Buses for keeping city's environment pollution free as well as to solve the problem of commuters and traffic jam.

Of the total 150 Double Decker Buses, BRTC had already procured 42 buses in the first phase and another 68 buses will be added to the fleet in the second phases during the current year while rest of the 40 will be procured next year, the release added.

MA Rahim new DG of BR



Star Business Report

MA Rahim has been made the new Director General of Bangladesh Railway.

Prior to his joining the present position, he was the Additional Director General (Rolling Stock), says a press release.

Rahim, a member of BCS (Railway Engineering) cadre, joined the railway service in 1966 as an Assistant Mechanical Engineer and served in various capacities including Chief Mechanical Engineer, Joint Director General and General Manager (Projects).

He graduated in Mechanical Engineering from the then EPUET, Dhaka in 1965 and received advanced technical as well as professional trainings both at home and abroad.

In 1970, he received practical training on diesel railway rolling stock in Japan.

IFAC chief calls on president

Frank Harding, President of International Federation of Accountants (IFAC) made a courtesy call on President Justice Shahabuddin Ahmed at Bangabhaban yesterday says, UNB.

Harding apprised the President of IFAC that comprises 143 professional accountancy bodies representing more than two million accountants of 104 countries, including Bangladesh.

He said IFAC encourages accountability of all accountants by developing and promoting high quality technical, professional and ethical guidance.

Welcoming the dignitary, President Shahabuddin said the role of the profession of accountancy is important.

He said the profession should be made more capable with a view to ensuring accountability and transparency of the financial system and institutions of a country.

The President observed that the professional efficiency in this sector has been improved in Bangladesh.

IBBL launches scheme for silk weavers in Mirpur tomorrow

The inaugural ceremony of Mirpur Silk Weavers Investment Scheme of Islami Bank Bangladesh Limited will be held at the Mirpur branch premises tomorrow, says a press release.

Commodore Mohammad Ataur Rahman (Retd), Chairman of the Board of Directors of the bank, will attend ceremony as chief guest.

M Kamaluddin Chowdhury, Executive President of the bank, will preside over the function while Prof Mohammad Abdullah, MP and ANMA Zaher, Directors of the bank, will be present as special guests.

The function will be addressed, among others, by M Tajul Islam, Executive Vice President Investment Division, ATM Harun-Ur-Rashid Chowdhury, Senior Vice President and incharge of Dhaka South Zone, and Mohammad Shahjahan, Vice President of Mirpur Branch of the bank. Besides, local elite, silk businessmen and leaders of the Weavers Welfare Association were present.

Cos find costs too high, unnecessary

Hologram may not be the right answer

By Inam Ahmed and M Shamsur Rahman

The DSE directive to companies to affix holograms on their scrips to descourage share forgers may not be effective as companies find it both costly and unnecessary.

In a desperate bid to salvage the capital market from the clutches of fake share masterminds, both bourses of the country had banned trading of allotment letters from August 1. To further do away with the existence of forged certificates, they also called for a hologram to be appended on the scrips by January 1, 2000.

Immediately after the DSE decision in July, some local firms sent their offers to the listed companies for affixing holograms, detailing costs for doing the same.

But the companies find the costs taxing and also unnecessary as the establishment of the central depository system (CDS) would ultimately abolish the physical presence of share certificates.

According to one listed company, it will have to spend about Tk 18 lakh to ensure holograms on its .12,000 share certificates.

The supplier has quoted a price of 14,900 pound sterling for the hologram machine. In addition, a 7,200 pound sterling applicator machine would be needed to get holograms affixed to the scrips. To make the project viable, the minimum quantity of holograms for a single design should be 300,000 copies.

Companies are now caught in a debate over who to bear the hologram costs. They say that the companies should not bear this cost and that this should be transferred over to the share holders.

On the other hand, it would become almost impossible to call back all the shares for the hologram affixation purpose.

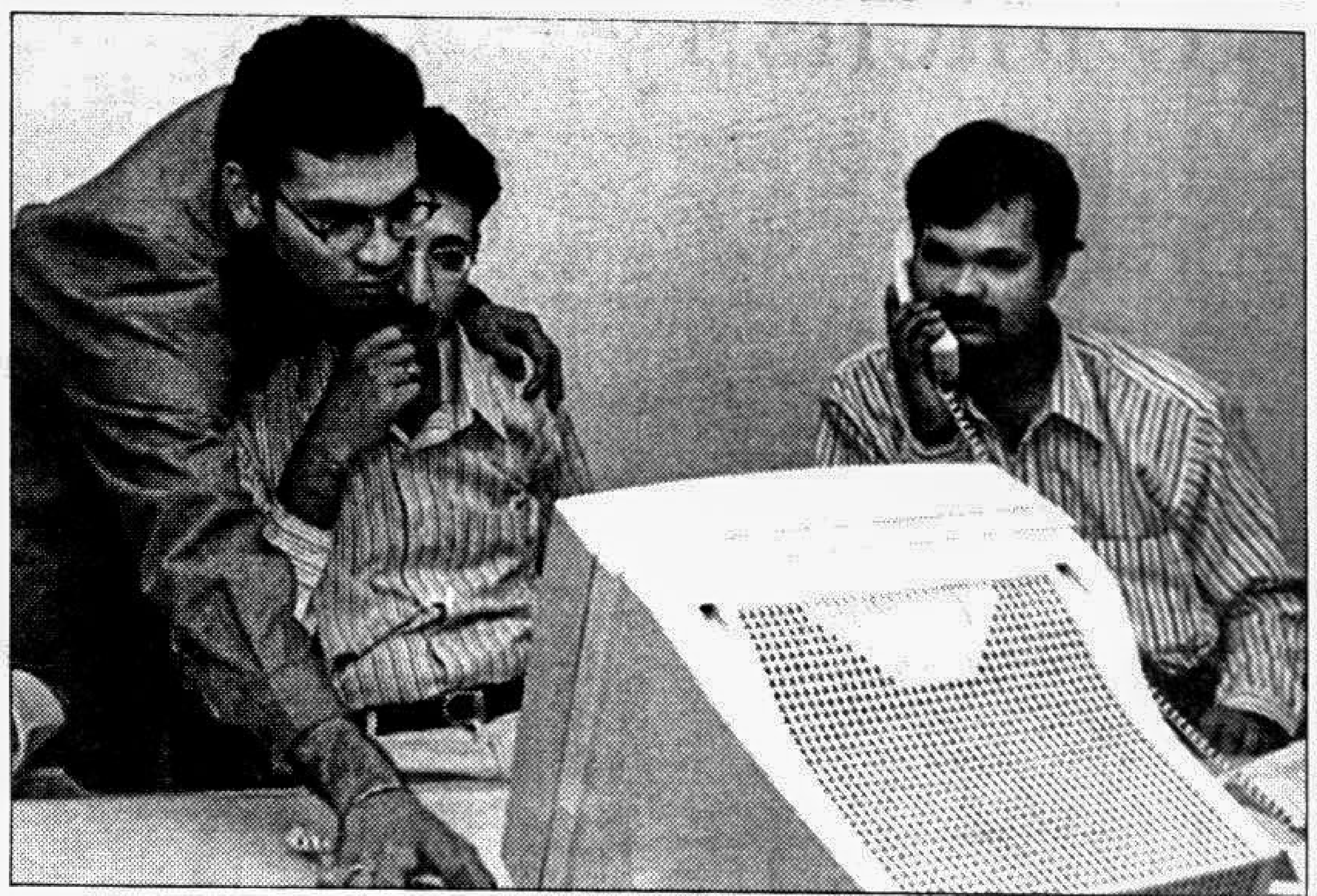
"The process to set up a CDS has already started. When this is in place, we won't see any physical presence of shares and the whole exercise of hologram fixation would become useless. So instead of pushing this costly project, the DSE should rather see to it that the CDS comes into being quickly."

Moreover, scrips can still be faked even if holograms are affixed, company sources said.

"The issue is more of putting in place internal transparency, honesty and discipline than taking such superficial measures," said one company secretary. "If the management of a company is involved in issuing fake shares, it can still fix holograms on false scrips and circulate these in the market."

Moreover, the suppliers will act as the middlemen and will have the orders executed from outside the country.

"If these companies receive an order for 10,000 scrips but gets 20,000 certificates inscribed in order to make quick bucks, then who will be there to catch them," another pointed out."



Stockbrokers at Euro Asia Securities watch their computer monitors Thursday while prices on the Bombay Stock Exchange rise 3.7 per cent as results of the general elections come in. Preliminary results indicate victory for the ruling Hindu nationalist alliance. — AFP photo

Concern over globalisation impact on LDCs

Bangladesh hails rich world's debt write-off scheme

NEW YORK, Oct 7: Bangladesh has lauded the debt relief mechanisms initiated by the developed countries but expressed caution about socio-economic, environmental and cultural impact of the globalisation process on the least developed countries (LDCs), reports BSS.

Bangladesh permanent representative to the United Nations (UN) Ambassador Anwarul Karim Chowdhury said this while addressing the United Nations General Assembly in New York yesterday.

He said that the poorest countries got some relief with US $15 billion debt write-off in the Cologne initiative.

Appreciating the step, the envoy said the eligibility for further loans to the indebted countries will be less stringent and the existing debt relief mechanism will hopefully be accelerated.

A few more countries (from 26 to 33) have been added to the list of eligible countries for debt relief, he said.

The Bangladesh Ambassador said, "Many poor countries still spend more on debt servicing then on health and education. Many countries for long have paid more for servicing of debt then they got as aid, leaving little of their scanty income for investment in the social sectors."

"We also welcome the US president's announcement last Wednesday when he pledged to cancel the debt owed to Washington by the world's poorest nations," as long as they used the savings for health, education and other anti-poverty programmes," the envoy said.

Reiterating Bangladesh's strong commitment to global peace initiatives, the envoy said Bangladesh believes that peace keeping would serve as an effective tool for conflict resolution.

He said Bangladesh favoured the idea of the secretary general that prevention was better then cure and also that the root causes of conflicts and problems, not their symptoms should be addressed.

The Bangladesh ambassador also called upon the secretary general to give due attention to programmes aimed at eradicating poverty and empowering women.

He urged the UN system to highlight the emerging and significant role of micro-credits in this regard.

The envoy informed the participants in the General Assembly from different UN member states that globalisation has caused economic vulnerability to many countries.

He said the process has reduced the governments' capacity to raise revenues from taxation of imports, resulting in significant loss in income.

Financial liberalisation associated with globalisation has held back the progress of developing economies in the global capital markets, making them vulnerable to the mercy of unrestrained capital movement, the envoy said.

Ambassador Chowdhury said, "Dramatic reversal of economic flow occurred in many countries in 1997 and 1998, prompting all of us to weigh risks against benefits of globalisation."

Quoting the report of the Committee for Development Policy (April 1999), he said, "Without strong corrective actions by governments, globalisation is likely to increase inequality."

IFC study on Bangladesh textile industry

BTMA finds recommendations ruinous for RMG industry

Star Business Report

Bangladesh Textiles mills Association (BTMA) yesterday sharply criticised an International Finance Corporation (IFC) report on Bangladesh textile industry saying that it was not supported by proper economic analysis and not done with an 'open mind'.

The IFC report concluded that local spinning and weaving operations are not price competitive. There is an oversupply of standard yarns and fabrics in the world market and this situation is likely to continue till a certain period described as 'short to medium' term.

The report, prepared by Dr Martelli Associates (DMA) as commissioned by IFC, said the processing sector consisting of dyeing, printing and finishing, however, has potentials in Bangladesh.

There is a shortage of good quality processing houses in the developing countries in Asia and for this the price pressure is not in the same degree as it is there in the spinning and weaving sectors.

But criticising the report, a BTMA review team said: "It is generally impossible neither to understand the calculation nor learn where the data were obtained from. Indeed, the only positive recommendations in the report are doubtful and the economic analysis to support the conclusions is missing. No attempt has been made to make a serious case for the backward-linkage industries and one does not have the impression that the work was done with an open mind."

BTMA said that if the DMA report was to be considered as a guideline to develop the textile and apparel industries as a whole, then Bangladesh would face serious problems, which could eventually destroy the development possibilities of the readymade garments industry.

Justifying its analysis, BTMA said that all other main competitors of the country in garments i.e. India, Pakistan and China have their own backward-linkage industries. These countries are producing raw cotton and have established spinning, weaving, knittng and processing plants to meet the demand of their RMG units.

After 2004, when there would be no tariff and non-tariff barriers, each of these countries will try to maximise their exports.

"Under these circumstances, where is Bangladesh going to get grey fabrics for its processing industry from?" asked BTMA. "At least not from the major cotton producing countries having their own readymade garments industry with necessary backward linkages," it said.

BTMA said there will not be any other country from where grey fabrics would be available at a competitive price.

"Therefore, if we establish the necessary processing industry depending on the concept of possible supply of grey fabrics at a competitive price, we would be extremely dependent on the competing countries and our dream of becoming one of the major players in global textile and apparel business would never be materialised."

BTMA said in terms of value addition, the processing industry is the most profitable subsector followed by spinning, while weaving is the least profitable sector. As long as the market is potential, nobody will keep the most profitable sub-sector for a competitor to develop and will stop at a point where there is no reason at all to stop. As far as the technology is concerned, processing is the most complicated industry.

"The DMA report suggested the setting up the most complicated sub-sector in Bangladesh, leaving the much easier technology for the competitor countries."

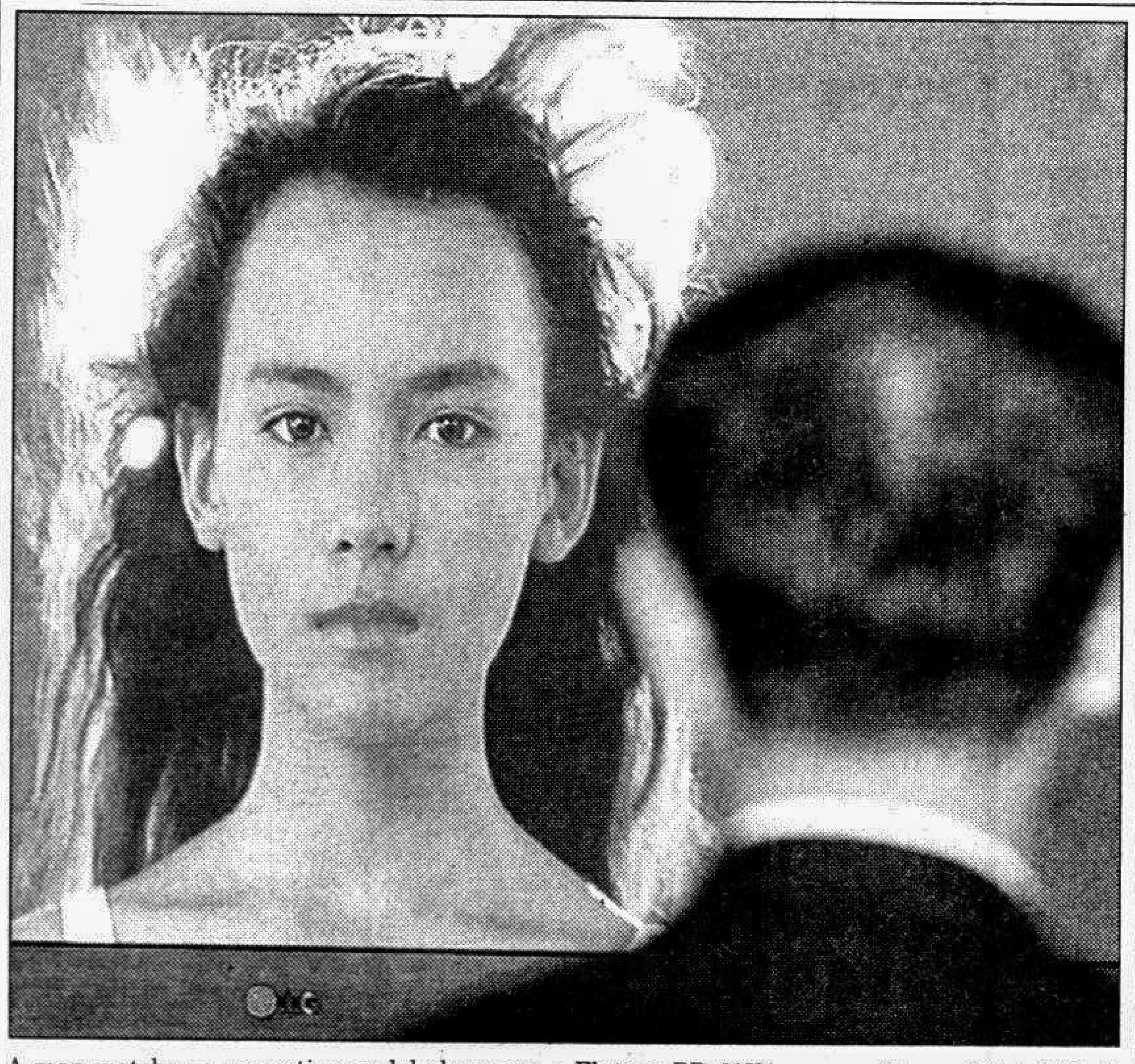
Regarding the DMA report's proposal to set up integrated knitting projects in Bangladesh, BTMA said the report has once again assumed that the required yarn could be imported from India at a very competitive price.

"As pointed out earlier, India would try to optimise its production capacity in all the areas of textile sub-sectors in order to cater to the needs of the global RMG export market. Therefore, getting yarn from India after 2004 will be very difficult, if not impossible, BTMA said.

"As such, the whole knitting sector will be threatened if we do not develop our own spinning sector and attain self-sufficiency in producing knit yarn."

Countering DMA report findings that higher raw cotton price is the single-most important factor for Bangladesh, BTMA said that after the year 2004, there would be no restriction on cotton export which is now being regulated by countries like India, Pakistan and China.

"This will substantially reduce the price difference of cotton between the international and domestic markets of these countries. Thus, we would be much more competitive in terms of raw cotton costs."



A man watches a cosmetics model shown on a Flatron PD-60X1, a new slim and flat digital TV monitor produced by South Korea's LG Electronics Co., which makes its debut yesterday at the Korea Electronics Show '99 in Seoul. This product boasts a screen size of 1334 X 751 mm with viewing angle of over 160 degrees. — AFP photo

Bangladesh for zero tariff on exportables to India

NEW DELHI, Oct 7: Bangladesh High Commissioner to India Mustafa Faruque Mohammed has called for zero duty import tariff on 25 categories of product from Bangladesh to India, reports BSS.

Speaking at a meeting with the Confederation of Indian Industry (CII) here yesterday, he said this gesture by India would help strengthen the economic ties between the two neighbours as it would boost Bangladesh's capacity to absorb larger imports.

The meeting was also addressed by Rahul Bajaj, President of the CII, and Subodh Vhargava, past president of the CII.

Faruque referred to the existing huge trade gap between the two countries, which is heavily in favour of India and pleaded for appropriate steps to reduce such imbalance.

The high commissioner said Indian investment in Bangladesh has been very low and Indian government should start an "affirmative action programme" for Indian investment in Bangladesh.

This, he said, would include extension of easy credit lines, incentive such as rebates in income tax, corporate and others. "Privileged access to imports from Bangladesh to India would facilitate export of goods produced by Indian investors."

Japan policymakers move quickly on forging stimulus plan

TOKYO, Oct 7: Japanese policymakers moved swiftly today to forge a promised economic stimulus package that likely would be heftier than earlier expected, says Reuters.

For the core of the package, the Ministry of Finance proposed 5.5 trillion yen ($ 51 billion) in direct fiscal spending, but policymakers of the three ruling coalition parties were considering topping that off, said Hirohisa Fujii of the junior member Liberal Party.

"There was discussion about whether this is enough to prevent a dropoff in public investment," Fujii told reporters during a meeting with his counterparts from Prime Minister Keizo Obuchi's Liberal Democratic Party and the New Komeito.

Obuchi has promised quick action, including a supplementary budget expected to be compiled next month, to maintain the government's support to the fledgling recovery in the world's second-biggest economy.

On Tuesday Obuchi reshuffled his cabinet to reflect the addition of Komeito to the coalition.

LDP policy chief has said the overall package would likely total at least 13 trillion yen ($ 121 billion).

As for the core, direct fisca spending, Finance Minister Kiichi Miyazawa told Reuters on Wednesday evening that public works spending in a promised supplementary budget must not fall below the 3.5 trillion yen level of last fiscal year's final extra budget but that it need not greatly exceed that amount.

But the ministry's Thursday proposal also appeared to include some two trillion yen in direct spending on small-business measures.

UK envoy assures of privatisation assistance

The British High Commissioner in Bangladesh David C Walker, called on the chairman of the Privatisation Board, Kazi Zafarullah, at the latter's office in the city yesterday.

During the meeting they discussed matters relating to the activities of the Board and the privatisation process in Bangladesh, says a press release.

The chairman told the envoy that the government was committed to enhancing the private sector participation in the economy and the Board was trying its best to create congenial atmosphere for privatisation.

The High Commissioner assured him of all possible helps d cooperation in the privatisation programme of Bangladesh.

Diamonds—a boon or bane for Sierra Leone?

FREETOWN, Oct 7: Diamond dealers are flocking to Sierra Leone in search of rich pickings, reports Reuters.

With a fragile peace deal holding in the West African nation's civil war, rebels have arrived in the main towns from the bush peddling cheap, newly mined stones.

But he boom has brought with it tales of slave labour and summary execution in rebel-held areas — hard on the heels of rebel mutilation of civilians at the height of the war.

"We are aware that the RUF (Revolutionary United Front) and the former Sierra Leone soldiers holding Koidu and the rest of the (Kono) district are still mining diamonds massively," Mines Minister Mohamed Swarray Deen told Reuters.

He said that the government would abide by the July 7 peace deal and use that to end the mining, which breaches a 1998 ban.

"The government will not fight again to get Koidu back or the rest of the district. We are sticking to the peace accord," he said, adding that proper mining licences would be issued following disarmament.

A blessing or curse?

Diamonds are the impoverished former British colony's main source of wealth. Experts say Sierra Leone produces some of the finest gem stones in the world.

Many people inside and outside Sierra Leone say, however, that the gems are the reason why the war dragged on for as long as it has — and maybe even the cause of the war itself.

Britain, for instance, has called for international controls on trade in uncut diamonds.

In the meantime, diamond dealers from Europe join traders from Sierra Leone and African countries like Nigeria, the Democratic Republic of the Congo and Angola in a scramble for rebel diamonds.

Sources close to the trade say that one of the rebels' traditional diamond routes out of the country — to neighbouring Liberia — had been disrupted by fighting between Liberian rebels and Liberian government forces just across the border.

They say Liberian rebels rob and kill Sierra Leonean rebels on their way to sell diamonds in Liberia's capital Monrovia.

"Many of our friends have been killed by the Liberians in this way and their diamonds stolen," one European dealer said.

The result has been an influx of rebels with diamonds into the main towns in Sierra Leone itself. "Scores of rebels are finding their way to Kenema, Bo and Freetown every day bringing more diamonds," a major Lebanese trader in Freetown said.

Foreign dealers are also converging on rebel-held areas. "Many of those entering Sierra Leone through Guinea are escorted from the border with rebel guards who were waiting for them there and taken straight either to Koidu or Tongofield to do business there," the European dealer said.

Bargains galore

Freetown residents report rebels arriving here with diamonds to sell. In a few cases, stones turn out to be fakes but most appear genuine, they say.

"You can buy the stones cheap from the rebels. For almost next to nothing," the European dealer confided as he relaxed with a beer in a Freetown hotel.

"You can buy a stone here for $50,000 and sell it in Antwerp for $4 million," he added.

Koidu in the east has the country's richest mines. Tongofield, also in rebel hands, has the second richest.

"Sierra Leone diamonds are pure, faultless gem stones. (They are) among the best in the world," the European dealer said, adding that he was planning a fresh trip to Tongofield.

Civilians who were press-ganged into mining diamonds for the rebels in Koidu but managed to escape say that young men, women and children have been made to work like slaves.

"The lives of these people are miserable. They are beaten and forced to work from dawn to dusk, digging diamonds for the rebels with little or no food. People are dying there daily from hunger in the labour camps," one escapee said in Freetown.

Koidu was once home for almost a million people. Escapees say that the rebels have dug up roads and the floors and gardens of houses in their search for diamonds there.

A teacher, 34, who walked for a week in the bush to escape, said movement in the area was restricted by the rebels.

Government officials speculated that the rebels delayed the return home of their leader Foday Sankoh and former military ruler Johnny Paul Koroma to enable the diamond trade to continue. The two men returned to Freetown on Sunday.

ICMAB discussion on accountancy profession today

A discussion session and assembly of the ICMAB Members will be organised by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) at ICMA Auditorium today, says a press release.

The theme of the discussion will be "Accountancy Profession in the Next Millennium".

Frank Harding, President of the International Federation of Accountants (IFAC), will be present as the chief guest, while Peter Johnston, Director General of IFAC, will be present as special guest. Muzaffar Ahmed, FCMA, President of ICMAB, will preside over the function.