



The Daily Star BUSINESS

DHAKA, TUESDAY, OCTOBER 19, 1999

BPC strikes deal with Saudi firm for jt venture LPG company

Bangladesh Petroleum Corporation yesterday signed an agreement with Peninsular LPG Inc. an organisation of Bakri International Energy Company Limited — a Saudi Arabian Company, with a view to developing a joint venture company named 'Bangla-Saudi Hydro-Carbon Company Limited' at a cost of about US \$12 million for import, receipt, storage, bottling, distribution and marketing 40,000 MT of LP gas annually, says a press release.

The agreement was signed by Md. Aswar Hossain, Additional Secretary to the government and Chairman on behalf of BPC and Arif Yusuf Hafiz, Director of Business Development of the Bakri Group for the Saudi Company.

Prof. Rafiqul Islam, State Minister for Power Energy and Mineral Resources, Dr. Towfig-E-Elahi Chowdhury, BB secretary to the ministry, Saudi Ambassador in Bangladesh Abdullah Omar Al Barry and other high officials of the Ministry and BPC were, among others, present on the occasion.

The project will, interalia, bring in foreign direct investment (FDI) alongwith transfers of technology. The authorised capital of the company is Tk 70 crore and share between BPC and the Saudi company will be 25 per cent and 75 per cent respectively.

With the project completed, the marketing of the product would be fair, helping preservation of wildlife and deforestation and resist environment pollution, at least partly, by reducing use of kerosene.

The present supply of LP gas in the country is about 21,000 MT besides demand of no less than 300 thousand MT, causing malpractice in LPG trade.

Tofail, Holzman talk trade, investment

US Ambassador to Bangladesh John C Holzman in a meeting with Commerce and Industries Minister Tofail Ahmad at his Secretariat office yesterday discussed bilateral issues with special emphasis on trade and investment link between the two countries, reports UNB.

The minister urged the ambassador to use his good offices for attracting US investors in Bangladesh, said an official handout.

Dhaka to get \$12.50m SFD loan

Bangladesh signed a loan agreement of 40 million Saudi riyals (equivalent to 12.50 million US dollars) with the Saudi Fund for Development (SFD) in Riyadh yesterday to finance a rural electrification project, reports BSS.

Economic Relations Division Secretary Dr AKM Mashur Rahman and SFD Vice-Chairman and Managing Director Muhammad Abdullah Al-Sugair signed the agreement on behalf of their respective sides.

Under the project, Sylhet Palli Bidut Samity, 1650 km distribution lines will be installed to give power to some 24,225 consumers in Companiganj, Gainghat, Jaintapur and Kanaighat thanas of Sylhet district.

BSRS declares 5pc dividend on 1st Mutual Fund

Bangladesh Shilpa Rin Sangstha (BSRS) has declared dividend on its First Mutual Fund at the rate of five per cent for the year 1998-99, a press release said, reports BSS.

The decision to give dividend was approved at a meeting of the Board of Directors of the sangsatha yesterday with Dr AHM Habibur Rahman in the chair.

The directors expressed gratitude to the investors for their continued support and trust reposed in the BSRS.

Beximco Textiles board meet held

A meeting of the Board of Directors of Beximco Textiles Limited was held on Sunday at its registered office in Dhaka, says a news release.

Presided over by ASF Rahman, Chairman of Beximco Group, the meeting was attended by Shabir Hashmi of Commonwealth Development Corporation (CDC), Dr. Nazmul Bari of Bangladesh Shilpa Bank (BSB), Iqbal Ahmed of Beximco Group, Syed Naved Hussain, Chief Executive, and Deewan Nurul Islam, General Manager.

The Board reviewed the performance of the company for the period ending on December 31, 1998, considered the annual audited accounts for the same period and recommended its approval in the next AGM of the company.

In 1998, Beximco Textiles Limited achieved a turnover of Tk 2,195.91 million and it earned a net profit of Tk 247.68 million.

Move to reinstate answerability in insider lending

BB further tightens its rules on directors' loans

By Inam Ahmed

In a bid to restore accountability in insider lending, the Bangladesh Bank (BB) has further tightened its rules relating to loans taken by different bank directors.

The new rules have been designed in such a way that directors won't be able to withdraw any guarantee or collateral given against loans, leaving the account totally unsubstantiated. The BB regulation has also barred the directors from changing loan conditionalities without approvals.

According to the new circular, banks would require prior approvals of the central bank to change, withdraw or cancel any

collateral or guarantee given against an existing or former bank director. The collateral or guarantee may be withdrawn only after full repayment of loans. Even that would require prior BB approval.

It also said that the central bank's prior approval would also be required to change any conditions of the directors' loans. The banks will need to submit the directors' loan sanctioning letters mentioning the conditionalities to the Bangladesh Bank. The banks will have to do this very job within a week of the sanctioning of loans.

The banks have also been barred from offering interest exemptions on any loans related to current and former di-

rectors without prior approval of the BB. This rule also applies to putting loans in block accounts.

Earlier, the BB in August this year, had made it mandatory for the banks to have all guarantees or collateral against directors' loans or loans related to them sanctioned by their respective boards, approved in general meetings and shown in the balance sheets.

At the same time, the fresh rules say that a director or any of his family members cannot take loans exceeding 50 per cent of his or her share held with the bank.

BASELC chairman calls upon SEC to involve law-enforcers in share forgery probe

Star Business Report

Bangladesh Association of Stock Exchange Listed Companies (BASELC) yesterday asked the SEC to involve the law-enforcing agency to probe share forgery cases and nab the racketeers involved in it.

At a meeting with the Securities and Exchange Commission (SEC), BASELC Chairman Samson H Chowdhury also observed that directing companies to declare book closures would not be a permanent solution to the fake share issue since scrips could still be duplicated and circulated in the market.

Earlier on October 5, 1999, the DSE had suspended trading of the 16 companies and asked them to declare book closures for detecting fake scrips. A decision was also taken to allow trading of share certificates of

the 16 companies having relevant revaluation seals.

The decisions were taken following unprecedented flooding of the market with fake scrips.

Soon after the decision, the BASELC sniped at the DSE action saying that it was taken without consulting the companies involved.

He also dubbed the decision one-sided as there were involvements of other parties including brokers and dealers without whose connivance, the shares couldn't have entered the market.

He also said that the best solution to the problem was quick implementation of the Central Depository System (CDS).

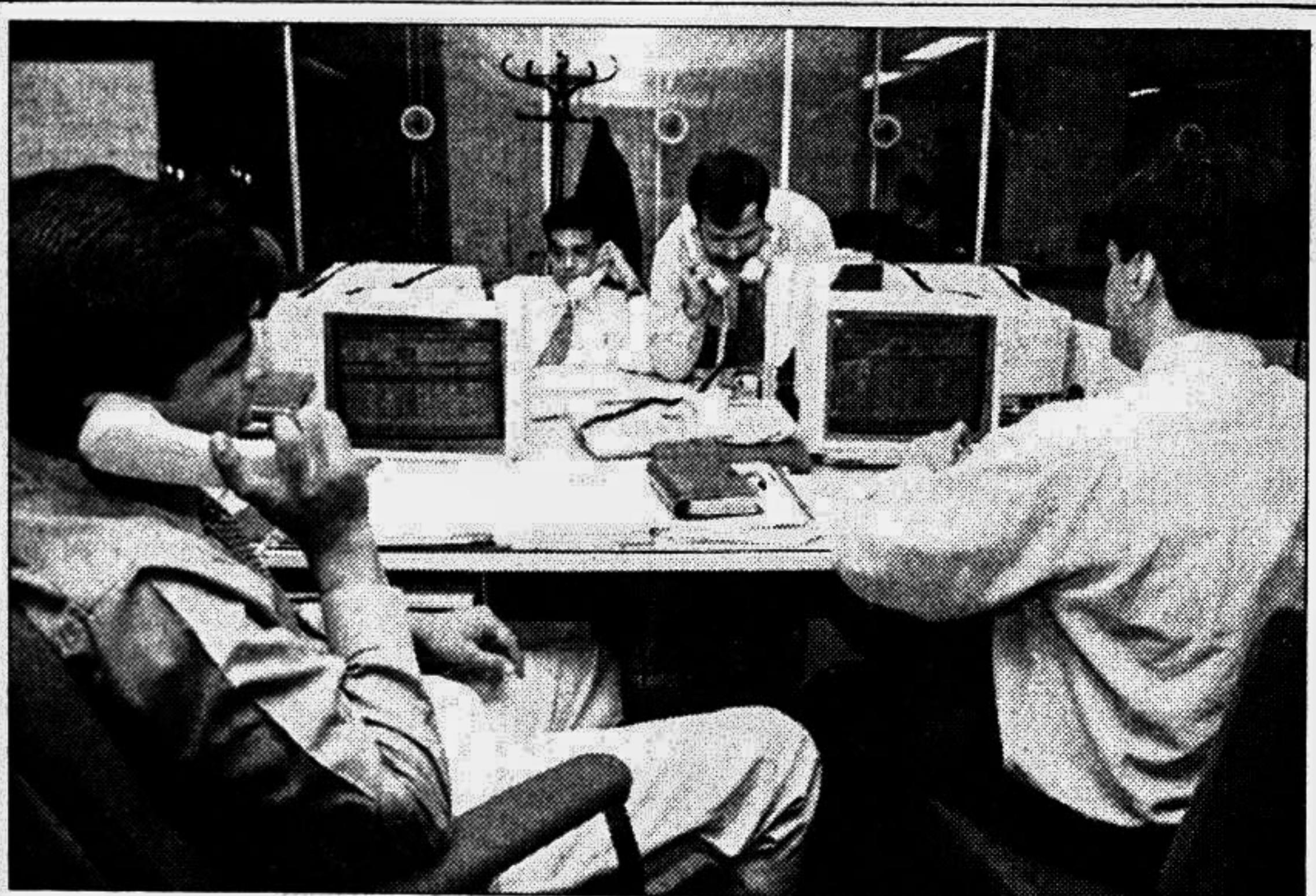
In yesterday's meeting with SEC officials, Samson H

Chowdhury also condemned the book closure directive and suggested that the authorities should involve BASELC if they take similar actions in the future.

He said that the criteria for selecting the companies were also not clear as it included those having huge fake scrips and those with a small number of fake shares.

Chowdhury said that investigations should be carried out against those companies which had allegedly gone for more issuance than their actual shares in the market.

Among others, Salman F Rahman, CK Hyder, Rafiqul Islam, SEC chairman and other Council officials were also present in the meeting.



Stock brokers talk on telephones at the Karachi Stock Exchange (KSE) Monday. Fresh buying pushed the market up two per cent in the first hour after opening following the erosion of eight million dollars in market capitalisation over the previous three trading days due to the political uncertainty in the country.

— AFP photo

Asian stocks loses ground on Wall Street plunge

TOKYO, Oct 18: Asian stock markets opened the week broadly lower, losing ground Monday after investors in the region were rattled by a big drop on Wall Street on fears US share prices could slide further, says AP.

Across Asia, "morning activities centered on selling across the board after New York's fall," said Toshihiko Matsuno, deputy manager of the investment advisory office at Yamaichi Securities Co. "It has certainly been the single biggest factor driving the market at the moment."

In New York last week, the Dow Jones industrial average fell 630.05 points, or 5.9 per cent, to close Friday at 10,019.71, largely on fear that emerging signs of inflation will force the Federal Reserve to raise interest rates for the third time this year.

It was the Dow's worst week ever in terms of points lost, and the worst of the decade in terms of percentage. On Friday alone, the average lost 266.90 points, or 2.6 per cent.

The fall Friday was precipitated by comments late Thursday from Federal Reserve Chairman Alan Greenspan.

who expressed concern about the stability of US stock prices.

Shares were also hit by the announcement Friday that US wholesale prices had risen 1.1 per cent in September — far above the market estimate of 0.5 per cent. That raised fears of inflation in the United States.

In Tokyo, traders sold off Japanese shares following Wall Street's dive, driving the benchmark 225 issue Nikkei Stock Average 386.35 points lower to 17,215.22, down 2.2 per cent, in late afternoon trading Monday.

But traders said government intervention to buy Japanese shares with taxpayer money was likely being carried out, which would keep the Tokyo market from dropping significantly more.

There is something there supporting the Nikkei, and it can't be anything but public fund intervention," said Kunihiro Hatake, general manager of the stock division at Tokyo Securities.

Markets in Hong Kong, a major financial center, were closed for a holiday.

Despite the sell-off in Asian shares, traders said the market was likely to be supported by investors interested in scooping up bargains.

Street has dampened sentiment in the morning," said Yun Sam-ee, an analyst at LG Securities Co. "However, the early losses are expected to narrow later in the day on some bargain-hunting by local institutional investors."

In Sydney, the Australian Stock Exchange's All Ordinaries Index shed 51.5 points or 1.8 per cent at midday to 2,810.8 following the fall in US markets.

The Singapore market too was hobbled by Wall Street's losses, as the benchmark Straits Times Index had tumbled 73.08 points, or 3.6 per cent, to 1,988.17 late Monday morning.

Mahansaria believes the Thai economy is already picking up, but the uplift is moving slowly and it will take another two years for Thailand to emerge from the Asian economic crisis.

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Birla taking wait-and-see approach in Thailand

BANGKOK, Oct 18: Though the Thai government contends that the economy has turned the corner from two years of recession, the giant Indian conglomerate Birla is taking a wait-and-see approach before resuming its aggressive 30-year expansion here, says AP.

"Once the situation stabilises, we will increase," SS Mahansaria, executive director of the Aditya Birla group in Thailand, told The Associated Press.

Birla set up in Thailand in 1969 and has built 10 factories since, producing everything from textiles to chemicals. The group also has four factories in Indonesia, three in Malaysia and two in the Philippines.

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Sachimi Hussain, Director of Rangs Electronics Ltd., opens the second Benetton shop at city's Sukrabad Sunday.

Pak military ruler pledges steps to put economy back on track

ISLAMABAD, Pakistan, Oct 18: Pakistan's military ruler, Gen. Pervez Musharraf, yesterday pledged "revolutionary" steps to revitalise a "crumpled" economy by rebuilding investor confidence and carrying out strict austerity measures, says Reuters.

"Our economy is in deep trouble and revolutionary steps are needed to put it back on track," Musharraf said in a 25-minute speech laying out his policies five days after overthrowing Prime Minister Nawaz Sharif in a bloodless coup.

Musharraf said the economy had been run into the ground by successive governments, but he provided no specific measures on how he would win back investor confidence and the trust of international donors.

Financial analysts have said the regime will have to move quickly on a major economic plan to convince the donors to keep lending to the cash-starved country, which was forced to reschedule part of its

staggering \$32 billion in foreign debt earlier this year.

He said in addition to launching a drive to cut corruption "especially toward those guilty of plundering and looting the national wealth and tax evaders," he would try to rebuild investors' confidence through establishing stability and consistency in economic policies and economic security.

Encourage investors

"The objective is to encourage the local investors, overseas Pakistanis and foreign investors," he said.

Business leaders have complained strongly over the past year about the changing and inconsistent economic policies of the Sharif government.

A bitter dispute with mostly foreign-backed power producers helped dry up foreign investment after the Sharif government said the companies were charging too much through contracts obtained through corrupt means during the former government of Benazir Bhutto.

Bhutto and the companies have denied the charges, but the dispute has dragged on for two years, clouding the investment climate.

Musharraf also called for "pragmatic tax reforms" and "strict austerity measures," but did not say what those would be.

Rebuild confidence

Musharraf said he would rebuild the confidence of the public by going after loan defaulters who owe Pakistan's banks more than \$3.2 billion.

"My advice to the guilty is to return voluntarily national wealth, bank loans and pay their taxes before the hand of the law forces them to do so with penalty," he said.

He gave them four weeks "after which their names will be published and the law will take its due course."

After Tuesday's coup, the Karachi Stock Exchange's key index fell more than 10 per cent on worries about the sort of policies the army would announce.

Donors' liberalisation pressure Matia for balanced approach to food management

Agriculture and Food Minister Matia Chowdhury has called upon the donors to give priority to government's opinion in policy formulation for food security, reports BSS.

The government is the last resort of the poor when they face food uncertainty, the minister said inaugurating the second annual Food Management and Research Support Project (FMRSP) workshop on "Food Policy and Food Security in Bangladesh: Moving — Forward After the 1998 Flood" at IDB Bhaban here.

The first Benetton shop was opened at Gulshan in the city.

BIBM seminar on collateral-free banking Sunday

A national seminar on Problems and Prospects of Collateral-free Banking in Bangladesh will be held at Bangladesh Institute of Bank Management (BIBM) seminar room on Sunday, reports BSS.

The management of the S&Y Company Limited has said the Benetton shops will also be opened soon in other commercially-important cities like Chittagong.

The first Benetton shop was opened at Gulshan in the city.

BIBM seminar on collateral-free banking Sunday

Organised by BIBM, the seminar will be presided over by Prof. Muhammad Yunus, Managing Director of Grameen Bank.

Former Bangladesh Bank Governor Lutfur Rahman Sirkar, Prof. Wahid Uddin Mahmud, Finance Secretary Dr. Akbar Ali Khan, Sonali Bank MD Mahbubur Rahman Khan and MD of BASIC Alaudin Majid will address.

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The minister referred to the success of food management by the government during last year's flood and said millions of lives have been saved due to proper food management by the

government.

Referring to the donors' pressure on the government to reduce food stock to seven lakh tons, the minister said the government had to import foodgrains and arranged open market sale of rice to meet the food shortage due to hidden draught in 1997-98. The situation could be overcome if the government had adequate stock of foodgrain, he added.

Criticising the donor's for their suggestions to reduce food aid on one hand and on the other, cut agri subsidy, the minister said the government provides only 3.3 per cent subsidy in agriculture sector against the WTO standard of 10 per cent.

The minister called upon the donor's to channelise the surplus money saved from food aid cuts to ODA fund for assisting development works in the developing countries.