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### CHTDB executes Tk 66.50 cr projects

RANGAMATI, Nov 1: Chittagong Hill Tracts Development Board (CHTDB) implemented 135 projects involving over Tk 66.50 crore in the three hill districts till last fiscal since its inception, says UNB.

In the current fiscal, CHTDB is implementing 78 projects in the three districts — Rangamati, Khagrachhari and Bandarban — spending Tk 4.30 crore.

These schemes are in addition to various long and short-term special projects taken by the government and foreign donors at different times.

This was disclosed at a meeting of the CHTDB held in its headquarters here Sunday with its Chairman Bir Bahadur MP in the chair.

Apart from its regular members, CHTDB Advisory Committee members Chakma Raza Barrister Devasish Roy, Mong Circle Raza Paila Pru Chowdhury, Bomang Circle representative Raza and other public representatives attended the meeting.

The meeting took stock of various ongoing projects and stressed the need for proper and timely implementation of those to reach the benefits to the hill people.

Addressing the meeting, CHTDB chairman Bir Bahadur MP urged all to untidily work for a balanced development initiated by the present government.

### Employment Bank branch to open at Rangamati today

RANGAMATI, Nov 1: The 20th branch of Employment Bank, scheduled to start functioning here tomorrow 2, plans to disburse loan among unemployed youths on easy terms to facilitate their employment, reports BSS.

Minister of Chittagong Hill Tracts Affairs Kalpa Ranjan Chakma is likely to inaugurate the branch at Kalindipur in the town.

Loans, varies from five thousand to fifty thousand taka, would be disbursed among the unemployed educated youths of CHT region. The loan would be given on depositing academic certificates in original and guarantee bond furnished by father, mother or husband, the bank sources said.

### Dhaka to receive Tk 10cr German assistance for BAPEX promotion

DHAKA, Nov 1: Germany will provide up to 4 million Deutsche mark (equivalent to Tk 10 crore), as technical assistance under an agreement with Bangladesh for promotion of BAPEX enabling it to carry out exploration of huge natural gas resources in the country, reports BSS.

According to a press release of the German Embassy here Sunday the aim of the project agreed by both the countries, is to improve the ability of BAPEX, lone exploration company of the country, for exploration work through training of its staff members for compiling and evaluation data on petroleum geology and geophysics.

Besides, BAPEX will be advised to evaluate regional deposits and analyse proposals for drilling side by side developing its organisational and staff structures.

This agreement underlines once again Germany's commitment to the improvement of the energy sector in Bangladesh, the press release said.

The German contribution will be implemented by its Federal Institute for Geo-Sciences and Natural Resources for the project, which will last for three years. This institute of Germany has a long-standing operation with BAPEX since 1977, it said.

### Y2K bug fears SriLankan Air planes to be grounded for 8 hrs

COLOMBO, Nov 1: SriLankan Airlines aircraft will be grounded for eight hours over December 31, 1999 and January 1, 2000 due to fears of the millennium bug and lack of passenger demand, officials said today, reports Reuters.

They said the national carrier's aircraft would not be flying from 10.00 pm (1600 GMT) on December 31 till 6:00 am the next day.

Due to commercial reasons, we were compelled not to operate. Given the uncertainty of Y2K issues, our decision is also a move of prudence, said Peter Hill, chief executive officer of the airline.

Airline officials said less than 10 per cent of seats on Colombo-bound flights were booked for December 31 evening.

The airline will also reschedule a few flights from West Asia for an early take-off to allow them to land in Colombo before 10.00 pm on December 31. All flights will continue as scheduled after 6 am on January 1, 2000.

## Reduction of initial, extra shift depreciation rates Leasing companies witness drastic drop in profits

By Inam Ahmed

How a bureaucratic decision takes toll on the relevant industry is clearly evinced today in the country's leasing business.

Last year's decision to reduce initial and extra shift depreciation rates for capital machinery and plants from the previous 55 per cent to only 18 per cent for the first year of acquisition with retrospective effect, has drastically reduced the profitability of the leasing companies.

According to the half-yearly reports of United Leasing Company Ltd (ULC), its net profit fell by 27 per cent till June 30, 1999. Another leasing giant, Industrial Development Leasing Company of Bangladesh Ltd (IDLCL), also experienced even bigger shocks with more than 45 per cent slide in its half-yearly net profit. The results of other leasing companies in the business are also identical, according to industry sources.

The situation has become all the more difficult for the companies as they face a slump in leasing demand. A huge chunk of their fund is stuck up in going through a depressing phase. As a result, the leasing companies are finding it hard to get their loans.

One company reported that its collection rate had gone down to about 80 per cent from as high as over 95 per cent.

With the cut in depreciation rate, the leasing companies are now faced with severe fund crises.

"As a result of the drastic reduction of depreciation rate, we now have to fork out more money in taxes during the first year of a leasing contract," explained a top official with a leasing company. "This has reduced fund availability for us."

Leasing companies borrow funds from banks to invest in capital machinery. According to industry sources, their cost of fund has gone up by about three per cent over the last few months. Earlier, they could get bank money at 11 per cent interest rates. Now they have to count as much as 14 per cent.

As the cost of fund is going up, leasing is also becoming expensive for investors.

The root of the problem lies in the budget proposal to withdraw initial and shift depreciation allowances on machinery and plants. It also proposed withdrawal compensation with an increase in the normal depreciation rate by an additional 20 per cent in those cases where initial or extra shift depreciation allowances were applicable.

As a result, the new consolidated rate in such cases is now 30 per cent, including 15 per cent normal and 20 per cent additional depreciation rates. In the Finance Act subsequently, the initial and shift depreciation allowances were withdrawn.

In its SRO in August, 1998, the NBR revised the normal depreciation rate to 18 per cent. This is a drastic reduction from the previous aggregate rate of 55 per cent in the first year of acquisition and 30 per cent thereafter for a three-shift operation.

As a result of this drastic hike in tax liability, a manufacturing company has now to pay Tk 13 crore in additional tax on a Tk 10 crore investment in machinery and plant during the first year of acquisition.



A farmer tends to his crop at his farm near the town of Jianli in central China's Hubei province recently. Chinese Finance Minister Xiang Hualcheng said tax breaks for farmers would include reimbursing farmers according to the acreage of their farmland, as China's legislature passed new amendments to the Highway Law which include a tax on fuel consumption to replace road tolls and fees.

## State minister for planning says Bangladesh earns \$6b from software exports

State Minister for Planning Dr Mohiuddin Khan Alamgir on Sunday said that Bangladesh had so far earned US \$6 billion from software exports since the government started providing all sorts of support towards software development in the country, reports BSS.

"Our computer scientists are also being highly praised abroad for their skill and expertise," he said, while addressing as chief guest the concluding function of a two-day workshop on "Information Technology"

held at Dhaka Reporters' Unity office in city.

Alamgir said that the process of software development in the country was progressing at a fast pace as the present government had already stepped up all measures for speedy development of information technology, including computer in Bangladesh.

The workshop for press reporters was jointly organised by DRU and Business Information and Advisory Services Limited (BIASL), an official handout said.

Dr Alamgir also said the government had allowed V-Set Internet facilities in the private sector for encouraging information technology. "We must achieve 8 megabyte production capacity per second," he said.

The state minister distributed certificates among the participants of the workshop. The function was also addressed, among others, by DRU President Shahjahan Sarder, General Secretary Mahidul Islam Raju and BIASL Managing Director Mahin Ahmed.



Labour and Employment Minister M A Mannan visits the computer and 3D hall at Microcel pavilion at the Chittagong International Trade Fair '99 on Friday.

## Sotheby's sale of salvaged sunken gold may net \$10m

LONDON, Nov 1: It was the Titanic of the 19th century and a salvage miracle 100 years later.

Now a gold-rush tale of tragedy, perseverance and invention reaches its climax when 400 pounds (181 kg) of sunken gold, part of a huge treasure which lay buried on the ocean floor for more than 140 years, goes on sale in December, reports Reuters.

The precious find — nuggets, ingots and coins — is part of the first successful salvage of a treasure ship, the SS Central America, which sank in 1857 of the east coast of the United States, laden with Californian gold.

The gold on auction is just the insurers' share of the original 2.5 tonnes claimed lost in the sinking. The remaining 90 per cent now belongs to the salvage team of engineer Tommy Thompson, who went through an eight-year-legal wrangle to keep their share of the find.

The auction on December 8-9 in New York could net up to \$10 million, according to Sotheby's which is carrying out the sale. But that is only a fraction of the estimated total 21-tonne haul — the value of which could top one billion — most of which still lies on the ocean floor.

"The bottom (of the ocean) was carpeted with gold. Gold everywhere, like a garden. The more you looked, the more you saw gold growing out of everything," said Thompson, describing the scene of their first uncovering of the sunken treasure.

Sotheby's says the sale is generating a lot of interest. "I've never seen coins of that period (1856) in such a remarkable state of preservation. They're perfect and collectors will go crazy," said Sotheby's coin expert David Tripp.

"The're also historically significant — a manifestation of the gold rush which set the course of American history, put it on the map."

**Gold rush fever**

The steamer travelled every fortnight, with mail, freight and eventually passengers on the New York-Panama route. But when gold was found in the new state of California, gold rush fever gripped the nation and the sea routes took on a new importance.

Travelling east to west, the steamer's cargo was a human one — the hopes of people out to make their fortunes in the gold fields. On the return trip, the ships were laden with the precious metal.

"These ingots were never meant to last. They were heading for New York to be destroyed, melted down and used commercially to fuel the economy of a young nation," Thompson explained.

On September 8, 1857, the SS Central America set sail from Havana, carrying 500 passengers and 21 tonnes of gold.

At first the seas were clear and calm. Then the weather changed and soon the crew was battling hurricane-force winds and 10 metres (33 feet) waves. Water seeped into the hold and cooled the engines, but the paddle-wheels stopped turning and the vessels began to founder 300 km (186 miles) off the coast.

As the women and children huddled in the saloon, the menfolk bailed out the water but it was a losing battle. The ship began to sink to the sea floor 2,400 metres (7,874 feet) below.

In the end, 428 people lost their lives, the gold going down with the ship to the bottom of the ocean.

**The search**

Thompson began researching the Central America more than 20 years ago. Never before had anyone salvaged a deep wreck — the US government had thrown millions at the challenge and failed.

Thompson had no money but he gathered a group of like-minded people and found investors. But they were not treasure hunters; they were scientists and their pioneering work pushed out the boundaries of marine exploration.

Once Thompson's team found their target, more than

two kilometres under the surface, treasure hunters began circling the ship like vultures.

But he fought them off with court action, invented a robot to extract the gold and artefacts and began scientifically recording the whole process.

**Breakthrough in marine biology**

As the gold was recovered, the team discovered new marine life forms and biologists began investigating what they found on a seabed otherwise barren because of its extreme depth.

The variety of life there intrigued them. They concluded the ship had spawned a food chain starting with wood-boring worms and going on to coral and sponges and even Greenland sharks never before seen so far south.

But while the life forms around the wreck have evolved, the gold has remained unchanged and pristine. Even gold dust was lifted from the ruins.

"There's something for everybody in this sale and it's all perfectly preserved," said Tripp, adding the smaller nuggets and gold dust would be auctioned on the Internet at prices starting from around \$100.

Treasure still lies within the sleeping wreck and marine secrets continue to lurk in its environment.

### DHL launches new product to aid garment exports

In another first, DHL Worldwide express yesterday introduced Fashion 1st, a new service-product designed to greatly enhance the competitiveness and efficiencies of the garment industry, says a press release.

Announcing the new service-product, Dalip Handa, Country Manager of DHL Bangladesh, said: "The garment industry contributes a significant percentage to the GDP of a number of countries throughout Asia, including Bangladesh. The requirements of the garment industry are very unique, and until now, they have not been adequately serviced."

With Fashion 1st, DHL will provide professional and experienced customs brokerage services. DHL staff, including couriers, ground operations personnel, customer service representatives and sales managers, are all intensively trained on various aspects of the detailed garment customs regulation process and the know-how to handle the complications of documentation preparation.

The garment industry will find DHL's Fashion 1st fast, simple and reliable to use, in particular during the sampling period where speedy and on-time deliveries of samples to buying houses is most crucial.

"In the ever-growing globalisation of businesses, Bangladesh garment manufacturers are looking for ways to increase their competitiveness and add value since western multinationals are increasingly outsourcing supplies from Asia because of the good value for money. Fashion 1st is an effective business tool for the garment exporters," added Handa.

To further reduce the likelihood of customs delays caused by misplaced or missing paper work, DHL has included an innovative design solution — a 3-pouch document holder to be attached onto the garment packaging.

The holder keeps important documents for customs clearance — airway bill, proforma invoice/visa and packing list — in individual compartments, making them easy and visible for customs processing.

## Workshop begins in city today UNCTAD-ICC move to help attract FDI

A two-day capacity-building workshop will begin in the city today to help address some of the difficulties faced by the Least Developed Countries (LDCs) in attracting Foreign Direct Investment (FDI).

The workshop is being initiated jointly by the United Nations Conference on Trade and Development (UNCTAD) and the International Chamber of Commerce (ICC), says a press release.

The first workshop will be inaugurated by Tofail Ahmed, Minister for Commerce and Industries in the city today.

It will begin with a review by an international consultant of the external perception of Bangladesh as an investment location. It will then review a partial and preliminary draft of an investment guide for Bangladesh prepared by the national consultant to the project.

It will move on to canvassing — in two parallel sessions — the views of the business community and of government agencies on investment conditions in Bangladesh, as they are and as they are evolving. Finally, it will pull together the outcomes of the parallel sessions and explore their implications.

Participants in the workshop will include representatives of the private as well as the public sector. Among the organizations represented will be the Board of Investment of Bangladesh, ICC Bangladesh, and the Foreign Investors' Chamber of Commerce and Industry. Representatives of domestic firms as well as foreign enterprises will also participate in the discussions and exchange views on the ways and means of improving investment conditions in Bangladesh.

Five donor countries have thus far contributed to the project as a whole. They include Finland, France and Norway among the developed countries; UNCTAD and ICC note with special pleasure that contributors to the project — and particularly to Bangladesh — also include two developing countries:

China and India. A contribution specifically to project workshops has been made by UNCTAD's Trust Fund for LDCs, which supports substantive LDC-related work.

Contributions in kind are being made by nearly 30 internationally recognised companies which have agreed to act as 'project champions'. They are: Agip, Akzo Nobel, AngloGold, BNP, BAT, Bata, Bayer, BP, Cargill, Coac-Cola, Commonwealth Development Corporation (CDC), DaimlerChrysler, Eskom, Hilton Hotels International, Marubeni, Moving Water Industries, Myungsong International Development, Nestle, Novartis, Rio Tinto, Shell, Sheraton Hotels International, Siemens, SGS, South African Breweries, Standard Chartered Bank, Unilever and Vodafone.

The role of the project champions includes participation in the substantive aspects of the project (assessments, workshops), facilitating the work of the project team in individual countries in which they have a presence, and supporting the project more generally with donors.

In Bangladesh, as in the other participating countries, the project aims at doing two things. One is to prepare a guide to the country for foreign investors the other is to help strengthen the capacity of local institutions to attract foreign investment.

The guide is expected to present an objective and detailed picture of investment conditions in Bangladesh — including the country's regulatory framework for FDI.

The capacity-building will take place, inter alia, through two workshops that are integral parts of the implementation of the project in each country.

The initiative was first implemented in Ethiopia. An advance copy of the Investment Guide to Ethiopia was presented at a meeting between the Secretary General of the United Nations, Kofi Annan, and the international business community as represented by the ICC.

### Comilla EPZ team meets Tofail

A delegation of Comilla Export Processing Zone (EPZ) Implementation Council Sunday welcomed the government's decision for setting up an EPZ at Comilla and congratulated Prime Minister Sheikh Hasina for taking the initiative, reports BSS.

The delegation, led by Jatiya Party joint secretary general Monirul Huq Chowdhury, met with Commerce and Industries Minister Tofail Ahmed at his office here. The delegation members assured the minister that they would extend all-out cooperation for the implementation of the EPZ.

The members of the delegation raised some of the demands for the interest of the people of the EPZ under implementation.

The minister gave a patient hearing and assured them of taking necessary steps.

He said all-out measures will be taken in the interest of the people of the proposed EPZ area.

Nur Hossain and Siddique Rahman, president and general secretary of the EPZ Implementation Council and land owners were present in the meeting, an official handout said.

### Treasury bill auction held

The 60th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held in Dhaka Sunday, reports UNB.

Of the bills, Tk 653.50 crore, Tk 7 crore, Tk 89 crore, Tk 65 crore and Tk 47 crore were offered for the 28-day, 91-day, 182-day, 364-day and 2-year bills respectively.

Of these, Tk 628 crore, Tk 7 crore, Tk 33 crore, Tk 46 crore and Tk 6 crore of 28-day, 91-day, 182-day, 364-day and 2-year bills were accepted respectively.

Ranges of the implicit yields were 6.47 per cent-6.86 per cent, 6.90 per cent, 7.70 per cent-7.82 per cent, 8.15 per cent-8.19 per cent and 8.44 per cent-8.90 per cent annum respectively. No bid was offered for the 5-year bill.

## RBI cuts CRR to boost flow of investment funds

BOMBAY, Nov 1: India's central bank has cleared the path for an economic upturn by ensuring that excess government borrowing does not stifle the industry of funds to invest in an economy preparing for a second generation of reforms, says Reuters.

The Reserve Bank of India's (RBI) half-yearly monetary and credit policy, announced on Friday, cut banks' cash reserve requirement (CRR) which will result in the country's banks being able to lend an additional 80 billion rupees (\$1.84 billion).

That wall of money coming into the system should help the government finish off its borrowing programme early, and cover an overshoot — partly put down to the Kashmir conflict earlier this year.

"You cannot wish away the government borrowing, if the government borrowing is met, the industry can have the market," said Bandi Ram Prasad, Chief Economist at Indian Banks' Association.

The markets have received a lot of good news this month; beginning with a return to power of the Bharatiya Janata Party-led government and the speed with which it has started putting the reform process in train.

Though industry has been growing at a decent pace — posting a 6.0 per cent year-on-year growth in the April-August

period compared with the 4.2 per cent last year — analysts say there has been little capacity addition in any sector.

The first-half results for major companies showed parts of Corporate India still struggling, but the central bank policy said there were signs of increased demand for manufactured goods and a recovery in steel, cement and other sectors.

"There has been a lot of improvement in the real sector and performance is better... but one can't be too gung-ho," said Subodh Shah, Executive Director, Credit Rating Information Services of India Ltd.

"The biggest challenge is the central government's fiscal deficit. The environment for industry to operate fruitfully is not there."

The government is keen to cut expenditure on subsidies, and raise money through divestment of government holdings in state run companies.

But in the first seven months of 1999/2000 (April-March) the government had already borrowed a gross 726.3 billion rupees against a targeted 840.1 billion for the full year — which would be for a fiscal deficit target of four per cent of GDP this year against last year's 4.5 per cent.

If growth quickens, as expected, in the next few months, there will be problems if government borrowing remains high.

The central bank will add more liquidity if needed, so long as the inflation rate remains comfortable — which is usually taken as a wholesale price inflation rate of around 5-6 per cent.

Wholesale price inflation was just over two per cent year-on-year in early October, but it is on the way up following a steep hike in the price of diesel — India's main automobile fuel.

But right now the central bank sees the economy in a comfort zone, which has given it room for taking more steps to strengthen the banking sector.

"The stronger growth trajectory is providing the RBI an ideal background in its goal of strengthening India's financial markets," Vasan Shridharan, economist at Standard Chartered Bank said.

The RBI left decisions on interest rates to individual banks and gave them a little more flexibility in lending rates besides enhancing liquidity levels in the banking system.

The liquidity infusion and flexibility in lending rates will help banks counter competition on deposits and on the lending side and build better saleable balance sheets.

And by adopting extra prudence in risk-weightage on assets, the RBI is ensuring an asset bubble is not created.