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# The Daily Star BUSINESS

DHAKA, TUESDAY, JANUARY 4, 2000

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## NBL makes record operational profit

National Bank Limited (NBL) made a record operational profit of Tk 90.33 crore in the year 1999, says a press release.

"This is the highest record profit of the bank since its inception in the year 1983", it said.

The bank also made remarkable progress in respect of deposit mobilisation and export-import business. The deposit stood Tk 1975 crore at the end of the year 1999.

The bank made Tk 1874.24 crore on Export and Tk 2359.71 crore import business during the year.

National Bank Limited is the first Bangladeshi private sector bank in the country and contributing significantly to the development of national economy since its inception, the release added.

## New DMD of Pubali Bank

Star Business Report



Ansar Uddin Ahmed has joined Pubali Bank Limited as Deputy Managing Director, says a press release.

He was working as a GM of the central bank prior to taking over the new position yesterday.

He held important positions in monetary management, accounts division, banking regulation and policy division of Bangladesh Bank.

Prior to his promotion as the BB GM, he was the acting General Manager of the central bank's Chittagong office and worked in different important positions of CBD, DBI, ACID, Personnel, expenditure management and trading division.

## Clinton to push for middle-class tax reduction

WASHINGTON, Jan 3: President Bill Clinton plans to call for a tax cut this year along the lines of the array of tightly targeted proposals rejected by Congress last year, his chief of staff said Sunday, reports AP.

"I think you can expect the president to propose a tax cut in his budget and in his State of the Union", John Podesta said on CBS television's Face the Nation. "I think that it will be about the size that we proposed last year."

The Republican-run Congress last year passed, and Clinton vetoed, a 10-year, \$792 billion tax cut after rejecting the president's proposal for a targeted package of cuts totaling about \$36 billion over five years that he had included last February in his fiscal 2000 budget proposal.

## New president of Chandpur Chamber of Commerce

Star Business Report



Jahangir Akhand Salim has been elected president of Chandpur Chamber of Commerce and Industry for the year 1999-2000.

The election was held early last month, says a press release. Subash Roy was elected senior vice president and M A Mashood Bhuiyan, vice-president.

The 15-member working committee was unanimously approved by the members of the newly-elected executive committee on December 11, 1999. The other elected members of the committee are Tomal Kumar Gosh, Halim Mohammed Kasem Gaji, Hafizur Rahman Chowdhury, Khorsheedur Rahman, Abul Kalam Patowari, Md Habibur Rahman, Md Fakhrul Islam, Md Taslimuddin Chowdhury, Mostaq Haider Chowdhury, Paresh Chandra Saha, Rashid Ahmed and Abul Kasem Dhal.

Salim was 4 times elected Director of the FBCCI Executive Committee. He was the vice-president of Bangladesh Salt Mill Owners' Union and ex-president of Chandpur Rotary Club.

He was also the vice-chairman of the Chandpur Municipality.

# Govt mulls re-imposition of rice import duty

By Inam Ahmed

The government is mulling over the re-imposition of import duty on rice which was lifted following the 1998 floods to cope with a possible food crisis.

Last year's record all-time high rice production has rendered its import unnecessary. In 1999, when prices of coarse rice shot up to as high as Tk 14 a kg, the government withdrew the duty to facilitate its supply.

But the Food Ministry now suspects that taking advantage of the duty-free import regime, there has been huge import of taxable items in the guise of rice, sources said.

They said that about two million MT importable were recorded to have been imported after the floods. But when this figure was tallied with the export figures from India, it was

found that there was a gap of half a million tonnes.

The figures of the Indian side show at least half a million less imports and unscrupulous businessmen must have imported taxable items declaring them as rice, said an official.

The ministry sources said that despite a stable supply situation inside the country, 7000 MT of rice were still imported in November.

Meanwhile, the government's silos are already running at a full capacity of 1.5 million MT, leaving very little option for fresh procurement. To make additional purchases, the government has already asked some vital ministries to buy rice from the local currency components of different projects and implement the works through food-for-work pro-

grammes.

The Water Resources Ministry alone will buy Tk 15 crore rice from the Food Ministry to implement its ADP projects.

Meanwhile, economists feel that the government's plan to procure two lakh tons of rice will be able to give very little price support and it will need go for at least half a million tons to one million tons of procurement for making any real impact on the market.

The government is also planning to expedite rice distribution for its food-for-works programmes and also to advance the timing of the VGD programme. At the same time, the volume of rice for test-refill and rural road management programme will also be increased for swift uptake of grains from the silos.

The government and the economists are now awaiting developments in the next two to three weeks. "If the price falls drastically, we might give extra support by enhancing our procurement target," said one official.

"Because of the successive bumper production, people are already thinking that we have reached a higher production frontier, opening up scopes for agricultural exports," said Dr Kazi Shahabuddin of BIDS.

"But we have to sustain this trend and set a price competitiveness tone over the next five years to establish the market link. Countries like Thailand, Vietnam and the USA have already been making good harvests which helped them top the global rice exporters' list."



Finance Secretary Dr Akbar Ali Khan distributes loans among the officers and staff of Bangladesh Krishi Bank under the Employees Welfare Fund under the home appliances and essential commodities programme at the bank premises on Saturday. Managing Director Dr Shoaib Ahmed and Deputy Managing Director Dr J C Shah was also present on the occasion. —BKB photo

## Eight insurance cos shelve their plans to go public

By M Shamsur Rahman

Eight insurance companies have suspended their plans to go public by December 31, 1999, because of the prevailing depression in the capital market.

Under the Insurance Companies Act, which makes initial public offerings (IPOs) a must for the insurance companies, these firms were supposed to float shares by the end of last year. But under-subscription fears refrained them from going public.

The companies are: City General Insurance, Provati Insurance, Prime Insurance, Meghna Insurance, Pioneer Insurance, Mercantile Insurance, Northern General Insurance and Bangladesh National Insurance.

Sources say that the Controller of Insurance has already sent a proposal to the Commerce Ministry seeking a six-month extension to the share floatation time-limit.

But company officials say that many of these firms are now reluctant to come to the primary market because of the current slump and slide in investor confidence.

Currently 18 insurance companies are listed with the country's premier bourse, Dhaka Stock Exchange (DSE). 17 of these firms are now priced above their face values, reflecting the positive mood of the investors.

## Malaysia records trade surplus for 25th month

KUALA LUMPUR, Jan 3: Malaysia recorded a trade surplus in November last year for the 25th consecutive month despite a rise in imports, the Statistics Department said today, reports AFP.

The department, citing preliminary figures, said the surplus was 5.5 billion ringgit (1.45 billion dollars) compared to 6.5 billion in November 1998.

Exports for November totalled 27.9 billion ringgit, a rise of 13.4 per cent over November 1998, while imports were worth 22.4 billion ringgit, an increase of 23.4 per cent. Electrical and electronic products accounted for more than 57 per cent of exports.

During the first 11 months of last year Malaysia recorded a 22.9 per cent rise in its trade surplus to 63.6 billion ringgit compared to January-November 1998, the department said. Exports rose 10.1 per cent and imports grew 6.9 per cent.

The country's electronics industry is benefiting from

booming global demand and the pegged currency is making exports more price-competitive.

But analysts expect the huge trade surplus to shrink this year with imports increasing further amid a recovery in domestic demand. When the economy starts to recover strongly or inflationary pressure mounts, they say, authorities may lift capital controls.

In another statement, Statistics Department reported a 23.1 rise in the industrial production index in November compared to November 1998, with the manufacturing sector index soaring 32.6 per cent.

The index rose 2.1 per cent compared to October 1999.

In the first eleven months of last year the index rose 8.4 per cent compared to the same period in 1998.

Prime Minister Mahathir Mohamad has said gross domestic product was expected to grow around four per cent last year and five per cent or more this year.

## Jalil calls for professional efficiency

Commerce Minister Abdul Jalil yesterday called upon the officials of the ministry and all departments under it to improve their professional efficiency by integrating it with their common knowledge for speedy expansion of the country's trade and investment base, says BSS.

"You have to prove your skill and efficiency through your day to day work," he said at a meeting with them in the conference room of the ministry.

Additional Secretary in-charge of the ministry Md Fazlul Haq was also present at the meeting.

The minister urged them to uphold the national interest above all by way of their sincere and honest discharge of duty in a cooperative atmosphere. "You should discuss all problems openly for easy solution," he said seeking active cooperation of all.

Besides senior officials of the ministry, chiefs of all departments under it were present during the meeting.

## Australian interest rate may rise by Feb

SYDNEY, Jan 3: The Reserve Bank of Australia is likely to lift official interest rates as soon as February, economists predicted today, says AFP.

Dresdner Kleinwort Benson economist Rob Henderson said while quarterly economic variation was likely over the year, strong growth of around four and a quarter per cent would still push interest rates up.

"We think the Reserve Bank will come back for its first board meeting in February, look at how strong the Christmas sales have been and so on, the high confidence levels, and

they'll increase interest rates again," he told Australian Broadcasting Corporation Radio.

Referring to the planned introduction of a 10 per cent goods and services tax (GST) in July, he said: "Then we think there'll be another 25 in March or April, and then they'll probably sit for a little while running into the introduction of the GST, then we think there'll be another 75 basis points which seems likely around about September or October."

"On our calculations that'd be about five and three quar-

ters for the cash rate, which is still relatively low by historical standards, but it's quite a lot higher than we've been used to over the last couple of years."

National Australia Bank chief economist Alan Oster said a rates rise was necessary for the Reserve Bank to ensure Australia's surging economy remained under control.

"Then, if the economy is too strong, what you'll probably see then is wages starting to pick up as well," he said. "Now if that happens you basically have to slam on the brakes a little bit harder."



Governor of Bangladesh Bank Dr Mohammad Farashuddin speaks at the inaugural ceremony of the Job Fair 1999 and orientation for the 4th batch of students of Masters in Bank Management (MBM) Programme organised by the Bangladesh Institute of Bank Management (BIBM) Sunday. Director General of BIBM Dr Muinul Islam and Director of Centre for Post Graduate Studies (CPGS) Dr Toufic A Choudhury are seen in the picture. —BIBM photo

## MBM Job Fair opens at BIBM

The inaugural ceremony of the MBM Job Fair 1999 for the first batch of MBM Programme was held on Sunday at the Bangladesh Institute of Bank Management (BIBM) Seminar Hall, says a press release of the Institute.

Farashuddin, Governor of Bangladesh Bank, inaugurated the fair as the chief guest while Dr Muinul Islam, Director General of BIBM, presided over the session. Managing directors and high officials of banks and financial institutions attended the function.

The Bangladesh Bank Governor in his speech stressed the need for introducing a programme like Masters in Bank Management to face the crisis prevailing in the country's banking sector.

To cope with the globalisation process banks must compete in the market place, and to survive and thrive in such a competitive banking world, development of professionalism is a must, he said.

He hoped that the MBM Programme might play a far reaching role in preparing the banking system of the country for the 21st century.

Emphasizing honesty, creativity, technical knowledge and leadership, he hoped that the MBM degree holders would be able to deliver the required services to the banking sector.

M Aminuzzaman and A I M Iftekhar Rahman, Managing Directors of Uttara Bank Ltd and Dhaka Bank Ltd respectively, also spoke on the occasion.

**Notice**  
Due to the opposition-sponsored half-day hartal yesterday, trading was not held on the two bourses of the country. We have, therefore, reprinted the quotations of the previous trading day (Jan 2, 2000) on Page 8.

## Three top Japan cos to unify administration

TOKYO, Jan 3: Japan's top three trading companies — Mitsubishi Corp, Itochu and Sumitomo Corp — will integrate administrative operations to increase efficiency and reduce costs, a major Japanese economic daily reported Monday, says AP.

The Nihon Keizai newspaper said the three companies have recently agreed to unify their departments of general affairs, personnel, accounting and information systems. The companies will set up a joint project team by the end of this month to nail down concrete steps for the integration of their administrative departments, the report said.

Officials of the three trading houses were not available for comment Monday because of a national holiday.

## ROK business bullish in 1st quarter

SEOUL, Jan 3: South Korea's 200 largest companies expect robust sales in the first quarter of 2000, a survey from the Federation of Korean Industries (FKI) said today, reports Reuters.

FKI, which represents the country's top conglomerates, said the survey of 200 major companies showed its Business Survey Index for overall sales for the first quarter stood at 129.1.

An index above 100 means companies expect business conditions to improve, FKI said.

The index for overall exports was 114.2 and the one for overall domestic sales was 127.3.

The index for company sentiment about financing from any source stood at 124.5, compared with 129.6 for the last quarter.

But the index for financing through secondary financial institutions and commercial paper was just 97.4.

## Massive withdrawal turns out to be a non-event

# Filipino banks return Y2K funds to central bank

MANILA, Jan 3: Philippine banks have returned at least 50 billion pesos (\$1.25 billion) in funds borrowed from the central bank as the massive withdrawals they anticipated due to Y2K-related concerns did not come through, says Reuters.

"There was over 50 billion pesos liquidity returned by the banks starting January 1. We were anticipating problems. It turned out to be a non-event," Central bank governor Rafael Buenaventura said on Monday.

He also told reporters that the 100 billion pesos that it had printed as a Y2K contingency measure was "hardly used."

Buenaventura said he expected Treasury bill rates to fall at the next auction, and the peso to appreciate as banks begin to

invest the funds they had kept due to the Y2K concerns.

"T-bill rates, I think, will be soft. In fact the foreign exchange rate is quite soft today. Everybody over-provided (for Y2K-related concerns)," he said.

The Philippine peso PHP reached 39.945 to the dollar early on Monday, the first trading session for the year 2000. It closed at 40.25 on December 29, the last trading day of 1999.

Dealers attributed the strength to banks squaring off their long dollar positions as Y2K concerns eased.

The central bank opened two lending windows to boost liquidity in the banking system to provide for possible bank runs.

One lending window allowed banks to borrow for at least a

month and roll over the loans up to three months. It had interest rates of up to 600 basis points over the 91-day T-bill rate.

The other window allowed banks to borrow overnight to one month at fixed interest rates.

Buenaventura said no commercial bank reported heavy withdrawals even as most of them were open to clients on the December 30, 31 and January 1 holidays.

"We were assured that nothing disastrous happened. Banks that availed of the liquidity facility had to return (the funds), so we were more accommodated... The 100 billion pesos liquidity pool was hardly used," he said.

## Economy forecast to expand 6-7 pc this yr

# S'pore has no plans to ease its dollar policy

SINGAPORE, Jan 3: The Monetary Authority of Singapore (MAS) regularly reviews its position on freeing trade of the Singapore dollar, but it will not release a "raft" of liberalisation measures immediately, a senior central bank official said today, reports Reuters.

Two months ago we made some further liberalisations. We have been liberalising at quite a good measure... so we are not about to release another raft of measures immediately," Tharman Shanmugaratnam, MAS Deputy Director of the Financial Supervision Group, told Reuters Television.

"We'll watch the market. We'll learn a little as we go along, and if there is a need to further liberalise, we will have no problem doing so," he said.

In late November, central bank chairman Lee Hsien Loong announced a relaxation of rules governing foreigners' use of the Singapore dollar for bond, equity, interest rate and repurchase agreement transactions.

Lee said the moves were made to bolster Singapore dollar capital markets by attracting more foreign players.

Shanmugaratnam said "big pieces" of the city state's financial sector liberalisation measures were in place "and there are a lot of second level pieces that we are looking at."

He said among these were specific details on liberalisation in the insurance industry, which would be announced soon.

The central bank official repeated the central bank's position that it would not interfere in possible mergers between banks, although it has stated previously that the city state's banks needed to merge to stay competitive.

"Bank mergers are not something that we are intending to drive. That is going to be market determined," Shanmugaratnam said.

"The government has stated its own prognostications about what the market can support, particularly as we liberalise the market."

Meanwhile, an AFP report says: Singapore's economy is forecast to expand by six to seven per cent this year on the back of improving business prospects and a pickup in the jobs market, a leading local bank said.

The estimate by the United Overseas Bank (UOB) was at the higher end of Prime Minister Goh Chok Tong's forecast of 4.5 to 6.5 per cent made in a New Year's Eve message Friday.

UOB said in its 2000 economic outlook report received Monday that industrialists were particularly optimistic about business prospects in the first quarter of this year.

It pointed out that Singapore's economic recovery following the regional financial crisis which erupted in mid-1997 would also improve sentiment in the financial and business services as well as the real estate sector.

UOB said its outlook was underpinned by the healthy rise of the government's composite leading index which tracked, among others, wholesale trade, new sales orders, stock prices and labour costs in the key manufacturing sector.



Men smoke tobacco with bamboo pipes to test the quality before buying it at a tobacco stall at Bac Ha market in the northern province of Lao Cai on Sunday. Many people in rural Vietnamese areas smoke tobacco by using a bamboo pipe. —AFP photo