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DHAKA, WEDNESDAY, MARCH 1, 2000

Indians keen to set up brick industry in Bangladesh

The visiting business delegation of Calcutta, India, yesterday expressed the keen interest to set up medium and small-scale joint venture brick industry using the huge dredged clay of the river Buriganga, reports BSS.

There is an ample scope to set up joint venture brick manufacturing industry along the river Buriganga by using its silt, mostly clay in nature," said B.N. Roy, a member of the delegation at a discussion at FICCI in the city.

He added that India was ready to give technological support to set up such industry in Bangladesh, but financial support might be available from the World Bank, which is very much concerned about environmental degradation due to releasing of industrial waste into the river.

Director of FICCI Golam Dastagir Gazi chaired the function which was also attended by other leaders from different business groups of the country.

J. K. Paal, deputy leader of the visiting delegation representing the Federation of Small and Medium Industries, Calcutta, led the delegation.

The Calcutta business team also expressed their interest to invest in jute, cable, ceramic, rice husking, automobile painting and machine tools industries in Bangladesh.

A joint venture Export Processing Zone (EPZ) should be established at a suitable place on the common border between the two countries so that the cost of export items for West Bengal could come down," J.K. Paal said.

He also stressed the need for medium and small industries in Bangladesh instead of the present trend of setting up large-scale industries. He said the medium and small-scale industries would help enormously to create jobs for the huge unemployed force.

Govt launches \$52m Financial Instts Development Project

\$47m credit comes from World Bank

The government yesterday formally launched a \$52 million US dollar Financial Institutions Development Project (FIDP) with 47 million US dollar credit coming from the World Bank, reports BSS.

The government will provide the remaining 5 million US dollar from its own resources.

The main objective of the FIDP, launched at a workshop here in the city, is to stimulate the financial market and support the policies of Non-Banking Financial Institutions (NBFI) in a healthy and efficient manner.

The project would undoubtedly be helpful in stimulating the country's financial market, which is one of the major segments for investment," said Governor of Bangladesh Bank (BB) Dr Mohammed Farashuddin in his inaugural speech.

The inaugural session was addressed, among others, by WB Resident Mission Chief Frederick T. Temple, Director General of BB Kh Ibrahim Khaled and BB Executive Director Murshid Kuli Khan.

The governor said that the project would support the financial institutions consisting of eligible non-bank and banks, which are engaged in medium and long-term lending to private sector enterprises.

There is also the need for short-term liquidity which the project would provide, Dr Farashuddin said.

Temple said Bangladesh's financial system can be characterised as bank-based rather than market-based.

In Bangladesh, the major portion of financing for businesses and a majority of the core financial services are provided by the banks, he said, adding that in the market-based financial systems such as those in the most developed countries, the major portion of financing and service comes from the capital market.

About the launching of FIDP, Temple said that the project would increase the diversity in financial instruments, helping financial institutions to scrutinise the financial assets in order to raise funds from

the market.

Financial institutions will also be encouraged and assisted to issue bonds and other commercial paper as another way of raising funds from the market, he added.

The WB resident mission chief said that to have a well-functioning financial system, it was absolutely essential to have a sound and efficient banking sector. About the progress of banking sector reform, Temple said some elements of the reform programme are already being implemented and the early results offer some encouragement.

Temple said the domestic private banks' classified loans have been reduced from around 33 per cent at the end of December 1998 to around 29 per cent at the end of June 1999. Their level of classified loans is expected to decline further in view of the Bangladesh Bank circular that restricts private bank directors from borrowing more than 50 per cent of the value of their paid-up shares, he added.

The WB mission chief said

that while the quality of new loans had to be improved to tackle the flow problem, the stock of bad loans must also be reduced to enhance the soundness and profitability of the banking system.

Banks, especially the Nationalised Commercial Banks (NCBs), must set aggressive collection targets and allocate sufficient resources to achieve them, he said.

Temple said while the efforts required for collecting classified loans may not be the same for the private banks and the NCBs it is clear that both need to intensify further the pursuit of defaulters. He said that persistent defaulters should be taken to courts and when fraud is involved, the defaulters should be persecuted criminally for their illegal actions.

Ibrahim Khaled said the FIDP aims at implementing some innovative ideas. Attractive investment opportunities are limited although savings are available, he said adding that the project aims at creating opportunity to invest.

Call for diversifying export base to face post-MFA challenges

BISS workshop on globalisation impact in city

Speakers at a national workshop yesterday underscored the need for diversifying the country's export base to face globalisation challenges in the post multi-fibre agreement (MFA) era.

They expressed their alarm that the country's RMG sector would face a jolt when the quotas are withdrawn as countries like India, Sri Lanka, Vietnam and the Philippines will then flood the market with cheaper and quality products.

Organised by Bangladesh Institute of International and Strategic Studies (BISS), the workshop on 'Impact of Globalisation on Bangladesh' was held at the Institute's auditorium in the city.

Speaking as chief guest at the inaugural session, State Minister for Planning Dr Mohtashim Khan Alamgir said that Bangladesh could reap the benefits of the global economic activities by using its vast manpower and diversifying the crops.

Prof Rehman Sobhan, Chairman of the Centre for Policy Dialogue (CPD), called for improving skills in the service sector including hospitals, hotels and in other areas where the country's manpower can be engaged substantially.

The country's RMG sector, which is now fetching around US\$ 4.5 billion, has the potential to export readymade garments to the tune of US\$ 20 billion, he said.

Prof Sobhan also stressed the need for increasing economic cooperation with the neighbouring countries. "Whether we like it or not, we have to start cooperation with them on the economic issues," he said.

Big, Shahedul Anam Khan, Director General of BISS, also spoke at the inaugural session.

In the first working session, two papers - one on 'Economic Liberalisation and Macroeconomic Stability in Bangladesh: An Overview' by Dr. Munim Kumar K Baral, Assistant Professor of the Bangladesh Institute of Bank Management (BIBM), and another on 'Globalisation, Democratisation and Governance: Bangladesh Perspective' by Prof Ataur Rahman of the Political Science Department, Dhaka University, were presented.

Dr. Baral in his presentation said that the manufacturing sector's performance was a cause for concern, which needs

to be addressed properly. Urgent steps to boost the labour-intensive small and medium industries should be taken immediately, he observed.

The country should also look for alternative export commodities including the gas-based products to jack up its earnings.

In his presentation, Prof Ataur Rahman said that the civil society comprising businessmen, journalists, professionals and intellectuals should mobilise public opinion towards creating the long-felt broad consensus on the vital national issues and resolving power conflicts in a peaceful manner.

There should be some political reforms for making the country's individual politicians or parties, both in power or in the opposition, responsible for their policies and actions he added.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major currencies against Taka:

Central Bank USD/BDT Rate: Buying-BDT 50.85/Selling-BDT 51.15

Selling		Currency	Buying		
TT/OD	BC		TT Clean	OD Sight	OD Transfer
51.2300	51.2700	USD	50.8200	50.6516	50.5631
0.4783	0.4787	JPY	0.4489	0.4474	0.4466
31.4198	31.4443	CHF	30.2230	30.1229	30.0167
30.8058	30.8298	SGD	28.9738	28.8778	28.8273
36.2716	36.2999	CAD	34.0297	33.9170	33.7988
5.9356	5.9402	SEK	5.8282	5.8089	5.7967
32.5311	32.5565	AUD	29.7043	29.6059	29.4025
13.6268	13.6375	MYR	13.2327	13.1888	13.1555
6.6347	6.6399	HKD	6.4801	6.4586	6.4449
13.7704	13.7811	SAR	13.4423	13.3978	13.3638
14.0634	14.0743	AED	13.7210	13.6756	13.6406
0.0454	0.0455	KRW	0.0446	0.0445	0.0444
82.5828	82.6472	GBP	80.3566	80.0903	79.7887
50.4513	50.4907	EUR	48.5026	48.3419	48.2674

Usance Export Bills

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7152	50.4023	49.9846	49.5042	48.9821	47.8126

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Mal. Ringgit	Indo. Rupiah	Sing. Dollar
43.5343/68	51.8951/90	38.99/38.04	3.7995/05	7480/7500	0.4917/24

US Dollar

	Buying	Selling	1 Month	3 Months	6 Months	12 Months	
Cash	50.85	51.25	USD	5.9125	6.10125	6.3325	6.7525
Notes	50.6	51.2	GBP	6.16188	6.25125	6.43625	6.7737

Market Commentary

On Tuesday, the local foreign exchange market was active and the demand for dollar picked up. The call money market was inispid and the call rate ranged between 5.25 to 5.5 per cent. Many cross currency deals took place on Tuesday.

In the international market, euro leapt more than a cent against dollar within a few minutes with traders citing talk that the Bundesbank was buying the single currency. Reports of the purchases boosted euro to as high as 80.9864 and came a day after the single currency had shed 3.5 per cent or \$ 0.9728.

Dollar regained the 110 yen level after dipping on Monday in the wake of euro/ypn sell-off. Traders said the weaker-than-expected Japanese economic data reinforced the markets doubts about the pace of the economy's recovery. Japan's industrial output stood at a preliminary 0.9 per cent in January - only a notch below its record high of 4.8 per cent.

At 1615 hours on Tuesday, dollar traded at 109.90/94 against JPY, euro at 0.9744/48 against USD and GBP at 1.5923/28 against USD.

Legal framework, governance need to follow trade liberalisation

BB gov at AmCham luncheon meet in city

Star Business Report

Bangladesh Bank Governor Dr. M Farashuddin yesterday said that trade liberalisation should be followed by infrastructure development, updating of the legal framework and correct alignment of taka to reap globalisation benefits.

"Along with trade liberalisation, legal framework and governance are the other important factors to punish those who take to corrupt practices and disturb the market system," he said.

Dr. Farashuddin was speaking as the guest of honour at the monthly luncheon meeting of American Chamber of Commerce in Bangladesh (AmCham) at Dhaka Sheraton Hotel.

The central bank governor said that Bangladesh should also exploit its comparative advantages to win a better share of the global economy.

In this connection, he said that agriculture and information technology (IT) sectors were the two prime areas where the country should focus more.

While emphasising the need for quality IT education for facilitating software exports, the governor said that banks should also encourage the sector by providing capital.

He also suggested enactment of a legal framework, especially a modern copyright law, to boost software exports.

Dr. Farashuddin said that



Dr Mohammed Farashuddin (3rd from left), Governor of Bangladesh Bank, speaks at the monthly meeting of the American Chamber of Commerce in Bangladesh (AmCham) at the Dhaka Sheraton Hotel yesterday. Also sitting (from left) are M Nurul Islam, Vice President, Forrest E Cookson, President, and A Gafur, Executive Director of AmCham.

this year the remittance was expected to post a 17 per cent growth due to the move to curb illegal hundi business.

While answering to a question on the rationale behind allowing so many private banks in the country, the governor said that the situation would encourage competition in the banking sector.

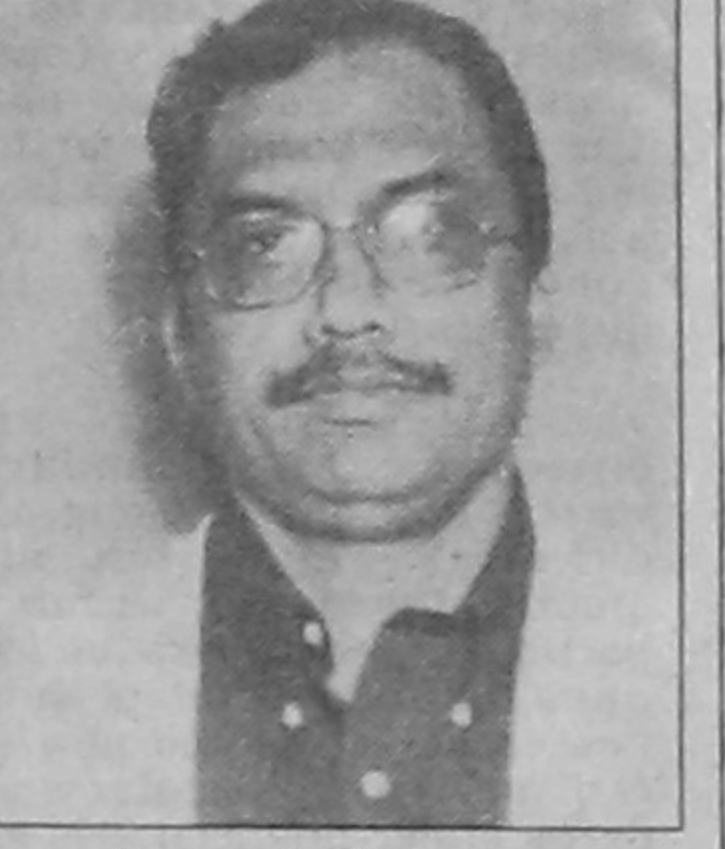
He also said the private banks have to open one rural branch against every four urban branches and the public sector banks would not be allowed to expand further.

The programme was also addressed by AmCham President Forrest E Cookson while US Ambassador in Dhaka John C Holzman, World Bank Country Director Frederick T. Temple, IMF Resident Chief Ronald P. Hicks and the Chamber's Executive Director A Gafur were also present.

REHAB election for 2000-'01 held



President



General Secretary

Dr Toufiq M Seraj, Managing Director of Sheltech (Pvt) Ltd, has been unanimously elected President and A H Mahmudul Hassan, Managing Director of Hassan and Associates Ltd, General Secretary of the Real Estate and Housing Association of Bangladesh (REHAB) for the year 2000-2001, says a press release.

The election was held at the annual general meeting of the association at a city hotel recently with the outgoing president Brig (Retd) A H M Abdul Momen in the chair.

Li Col (ret'd) Mahatabuddin Ahmed has also been elected senior vice-president while Nazrul Hamid and architect Akhil Akhtar Chowdhury has been made vice-president and treasurer of the association respectively.

A ten-member Executive Committee of the association was also unanimously elected.

Brisk exports Taiwan economic indicator jumps to 10-yr high

TAIPEI, Feb 29: Taiwan's leading economic indicator rose to a decade high of 108.0 points in January amid brisk exports suggesting steady growth in the months ahead, a government economic planning agency said today, reports AFP.

The indicator, reflecting economic activities for the three months ahead, grew 2.9 per cent from 105.7 points in December, the cabinet-level Council for Economic Planning and Development (CEPD) said.

EC working on modalities for cash aid flow to Bangladesh

Policy shift aims to stop open market sales

Star Business Report

Ambassador and Head of Delegation of the European Commission in Bangladesh Antonio De Souza Menezes yesterday said the European Community is working with the government to fix up the modalities for channelling cash aid to Bangladesh.

He said that the community was shifting from food aid to cash aid as Bangladesh received good food supply and coped very well with the devastating 1998 flood.

Menezes was speaking on the involvement of EU in the economic development of Bangladesh at a luncheon meeting of the France-Bangladesh Chamber of Commerce and Industry (CCIFB) at a city hotel.

Menezes also said that another reason for the shift in aid policy was that the poor people usually sell food aid in the open market for cash.

"For example, when we supply wheat as food aid, they sell it for cash. So, what's the use in giving food aid when transportation of grains involves extra expenses. Moreover, there are always the chances of leakage during transportation of grains," the ambassador said.

He said that a new European Community-Bangladesh Cooperation Agreement was initiated in February last year, which will be signed in April this year after working out the modalities.

Menezes said that the EC-Bangladesh relations should



Ambassador and Head of Delegation of the European Commission in Bangladesh Antonio De Souza Menezes speaks at a luncheon meeting of the CCIFB at a local hotel yesterday. CCIFB President Francis Dubus (L) is also seen.

not be restricted only to the government level. Foreign direct investment (FDI) has also an important role to play, especially in sectors which would diversify Bangladesh's exports to the European market.

He also said that the EC was playing a key role in ensuring that the International Jute Organisation (IJO) continues to function and reformed to suit the changed market conditions.

Speaking on the occasion, CCIFB President Francis Dubus said that the chamber would organise a French Trade Show in Dhaka on October 13 and 14 this year following interests shown by the French entrepreneurs at the "France India 2000" held in Delhi last December.

"We feel that further efforts

2 MPs nominated as part-time PB members

The Speaker has nominated two members of parliament - M Ahsanullah (Gazipur) and A H M Mostafa Kamal (Lotus Kamal-Comilla) as part-time members of the Privatisation Board, according to an official notification in the city yesterday, reports BSS.

Samsung, Yahoo! form strategic alliance

SEOUL, Feb 29: Internet giant Yahoo! Inc. and South Korea's Samsung Electronics Co. signed a memorandum of understanding to form a strategic alliance, Samsung said Tuesday, reports AP.

Under the agreement, Samsung will operate its shopping mall site on the Yahoo! Korea site that sell products, promote events and conduct surveys, Samsung said in a statement.

The deal also calls for the two companies to jointly develop a system that would enable Samsung Electronics mobile phones to access the general-interest site of Yahoo! Inc.

Samsung Corp. an affiliate of Samsung Electronics, has been operating a separate Internet shopping mall, selling mostly home appliances and computer products, since late 1998.

Japan industrial output rises in January

TOKYO, Feb 29: Japanese industrial production rose 0.9 per cent in January from December, the Ministry of International Trade and Industry said Tuesday, reports AP.

The rise, measured after adjustment for seasonal factors, was less than the 2.7 per cent increase forecast by economists surveyed by Dow Jones Newswires.

It was also less than the ministry's December forecast of a 3.6 per cent increase.

Looking ahead, the ministry said that overall output is on a gradual upward trend. It expects output to rise 2.7 per cent in February from January and then fall 3.2 per cent in March.

Industrial output is closely watched as an indicator of Japan's economic health. Japan is struggling to emerge from its worst economic downturn in 50 years.

Bangladesh Railway Tender Notice

No. 12-W/Tender-Part-4 Dated: 14/2/2000

1. Sealed tenders are hereby invited for the following work from the approved Electrical contractor's having valid 'ABC' Class contractor's licence issued from the electricity Licensing Board of Government of People's Republic of Bangladesh and enlisted as 1st Class electrical contractor with the department/MES of PDB, PWD or MES who have previous experience of Electrification Re-wiring Work in Government or Semi Government Organization.

2. Name of work : At PHT: Re-wiring of Residential Qrs. at Panjabi Lane, Master Lane, Segun Bagan, North Ambagan & Tigerpass, Station Colony, TPP & Jhautala Colony.

3. Approximate cost : Tk. 4,80,000/- (Taka four lacs eighty thousand) only.

4. Earnest money : 2% of the quoted value.

5. Tender documents will be sold from the offices of the Chief Electrical Engineer/East, Bangladesh Railway, Chittagong and Divisional Electrical Engineer, Bangladesh Railway, Dhaka & Chittagong on cash payment of Taka 400/00 (Taka four hundred) only (non-refundable) during office hour of all working days up to 06.03.2000.

6. Tender documents may be obtained on production of original & up-dated electrical 'ABC' Class contractor's licence, supervisory licence, current enlistment particulars with PWD/PDB/MES and previous working experience certificate of similar work, receipt of payment of income tax, VAT etc.

7. Tenders are to be dropped in the tender box which will be kept in the above three offices up to 12-00 hrs. or 07/03/2000 and will be opened on the same date at 12:30 hrs in presence of the tenderers or their authorised representatives (if available).

8. Work is to be completed within 30 (thirty) days from the date of placement of work order.

9. All other terms and conditions will be available in the tender documents.

10. Railway Administration reserves the right to accept any tender either in whole or in part or to reject any or all tenders without assigning and reason thereof.

No. Rail/B/39
DFP-4284-24/2
G-371
Divisional Electrical Engineer
Bangladesh Railway, Chittagong