India to spend half its revenue for paying interest on debt

Food subsidies seen feeding huge debt

NEW DELHI. Feb 29: India of bringing the deficit down to 4 ery, the report said, but needs will spend nearly half its tax per cent. revenue this fiscal year paying interest on debt, the government said Monday in an economic report preceding its budget proposal to Parliament.

Another major area of concern before the government is the burgeoning fiscal deficit largely because of sharply rising food subsidies, said the annual Economic Survey.

"An increasing food subsidy bill adds to this deficit," the

Analysts suggested that the remarkable candor in the report may indicate the govern- for its candor," and could be ment intends to announce, seen as a forecast of cuts in sub-

subsidy cuts. March 31. During that same pedeficit to the 4.1 per cent of Tuesday budget," Barua said. gross domestic product, indicat-

Standard Bank

opens first

rural branch

its first rural branch (fifth regu-

lar branch) recently at Chowd-

hury Hat. Fateyabad. Hathaz-

ari. Chittagong, says a press re-

Minister for Civil Aviation.

Tourism, Housing and Public

Works Engineer Mosharraf

Hossain attended the occasion

as chief guest while Mayor of

Chittagong City Corporation

Alhaj A B M Mohiuddin

Chowdhury was present as spe-

Speaking on the occasion

Engineer Mosharraf Hossain

said this rural branch would

work for the strengthening of

rural economy. Besides work-

ing for the rural trade and fi-

nance, SBL's Chowdhury Hat

Branch would also function

like other scheduled commer-

Alhaj A B M Mohiuddin

Chowdhury asked the bank

management to take extra cau-

tion in investing the bank's

money. They must ensure re-

payment of loans by taking ap-

propriate ways and means be-

fore granting them, he stressed.

cial guest.

cial bank.

The Standard Bank opened

will spend what it called a "staggering" 48 per cent of tax revenues this fiscal year on interest for the national debt. This is the single largest component of the non-plan revenue expenditure and is in the nature of committee expenditure aris-

gacy." the survey said. It said the large fiscal deficit has a wide range of adverse effects, including low savings and investment, high interest rates out of unprofitable businesses. and reduced growth.

ing out of past fiscal profli-

The survey is remarkable strong measures, such as food sidies and other expenses, said Abeek Barua, an economist at The government will have DSP Merrill Lynch told paid out 82 billion rupees (\$1.88 Dowjones Newswires. The surbillion) in food subsidies when vey advised that state-run comthe current fiscal year ends panies must attempt a comprehensive programme of early reriod, the survey said, the gov- tirement. "Some such strong ernment expects the fiscal steps may be announced in the

India is in the midst of a ing the state will miss its target broad-based industrial recov-

laws to sustain the progress.

the past year. The slower growth, growth from 6.8 per cent in agricultural growth from 7.2 per cent to 0.8 per cent. Some states were flooded, while some other had poor monsoon rains.

Labour laws in India make it difficult for companies to get reorganisation of state-run and the survey said changes in such laws are necessary to leep the recovery going.

However, the report said that foreign direct investment continues to decline from the \$3.3 billion per year India enjoyed before the government set off nuclear tests in 1998, drawing economic sanctions from the Untied States. Japan and other countries.

India's external debt was dlrs 98.87 billion at the end of last September, or 22.3 per cent of gross domestic product.

"Industrial growth is moving immediate reorganisation of on a rising trajectory, and the The report said that India state-run companies and broad-based nature of recovery stricter corporate governance is apparent," the survey said. "Basic goods, intermediate The Indian economy is pro- goods and consumer goods have jected to grow by 5.9 per cent in all recorded accelerated

> But faster-paced reforms are 1998-99 was because of a fall in needed, particularly in the financial system and labour markets, to sustain the "broadbased industrial recovery (that) is underway," the report sai !.

> > Other immediate needs are companies and stricter corporate governance laws, the sur-

> > Also, more roads, electricity and telecommunications services are needed, and should be provided faster by getting commercial businesses more involved in building them, and relying less on government funds, the survey said.

"The widening gap between demand and supply of infrastructure continues to raise questions concerning the sustainability of economic growth in future." the survey said.



Engineer Mosharraf Hossain, Minister for Civil Aviation, Tourism, Housing and Public Works, addresses the inaugural ceremony of Chowdhury Hat Branch (1st rural and 5th regular branch) of the Standard Bank Limited at Fateyabad, Hathazari, Chittagong recently. A B M Mohiuddin Chowdhury, Mayor of Chittagong City Corporation, Kazi Akramuddin Ahmed, Chairman, and Kamal Mostofa Chowdhury, Vice Chairman of SBL, are also seen. - Standard Bank photo

lantic ties took a turn for the their man was not good enough. agency, though they had always

hours after he was formally

the guts to prevent Koch-Weser trade talks last December. from getting a job he just was bickering between Washington firmly in Europe's court. and Berlin has raised serious questions over the future of US- long been a preserve of the Eu-

Seven industrial nations. erhouse. German in particular with something better.

WASHINGTON, Feb 29: Fi- as a US tendency to lecture oth- date. IMF acting boss Stanley nally, the gloves have come off, ers on everything from the right Fischer, a naturalised American economics to the correct secu- born in what is now Zambia. Already strained transat- rity policy.

Chairman of National Housing Finance and Investment Ltd M Matiul Islam presides over

the company's first annual general meeting in the city recently. -National Housing photo

US bluntly rejects European

Union's IMF candidate

Already strained transatlantic ties take turn for worse

At last month's meeting of nominated Eisuke Sakakibara, worse yesterday when Washing- G7 finance ministers in Tokyo. a former finance ministry offiton bluntly rejected Germany's Germany flatly rejected US sug- cial. candidate to head the Interna- gestions that Europe should do tional Monetary Fund, telling more to help balance uneven any chance of winning without Europe in no uncertain terms world growth.

Japan, eager not to be left out.

None of the candidates had

Another report from Brus-

sels says: The contest to suc-

ceed Michel Camdessus as head

Fund officially became a three-

horse race yesterday after

Germany's Caio Koch-Weser

won the unanimous backing of

the European Union, says

ministers, meeting in Brussels,

said the move would send a

strong signal that Europe.

which has traditionally held the

IMF top job, was determined to

retain its influence in one of the

key posts in international fi-

deputy finance minister and a

strong behind-the-scenes media-

tor, had struggled to win over

some EU partners, notable

France and Britain, who were

Koch-Weser, Germany's

The 15-nation bloc's finance

Reuters.

the outright support of the Un-

In typically blunt style, US tied States, which is the IMF's US officials had long been Treasury Secretary Lawrence biggest shareholder with 18 per opposed to Germany's Deputy Summers had told his Euro- cent of the votes Finance Minister Caio Koch- pean counterparts off for set-Michel Camdessus, the ex-head comes to the growth of their heightened US-European trade of the Washington-based lending economies.

An indignant German Fi- a string of bitter rows of about been reluctant to say so openly. nance Minister Hans Eichel, his top international jobs. Washington's sudden and mood already soured by the outright rejection of the former weakness of Europe's single World Bank official was re- currency, the euro, told Washmarkable for its lack of diplo- ington to clean up its own ecomatic restraint, coming just nomic house."

Now, the tough US stance in and unanimously endorsed by the IMF succession battle shows the 15-member European just how much weight the world's top economy is giving to US officials privately said developing countries, whose they did the world a favour by complaints about back room speaking up as nobody else had deals helped sink the Seattle

With Koch-Weser's candidacy all but dead, Washington But the increasingly noisy insiders say the ball is now

The IMF's leadership has European cooperation, long the ropeans, while the United States backbone of such top interna- has traditionally filled the top tional fora as the Group of job at the IMF's sister institution, the World Bank. But ob-Proud of their status as the servers say that unwritten rule world's number three economy was devised half a century ago and Europe's undisputed pow- and it's high time to come up

have become increasingly irri- Developing countries last concerned he lacked internatated with what many there see week put up their own candi- tional experience.

National Housing lowers interest National Housing Finance and Investment Ltd has decided

First AGM held

to reduce its interest rate on mortgage financing from 16.5 per cent to 15.75 per cent, says a press release.

The decision was made at the company's first annual general meeting held in the city re-

In a bid to expand operation, the company also decided to diversify its activities to cover other cities and finance reputed private developers.

It will finance the developers especially for constructing home units in large multistoried apartment complexes for middle-class city-dwellers.

In a report to the shareholders, the directors noted that during the first seven months of its operation, the company sanctioned home mortgage loans in excess of Tk 16 crore to

112 applicants in Dhaka city. National Housing is a nonbanking financial institution in the private sector and owned by a number of banks, insurance companies and industrial houses with large participation by non-resident Bangladeshis.

The AGM, presided over by company Chairman Matiul Islam, was attended by the directors and shareholders of the company.

China to buy US wheat to improve trade ties

WASHINGTON, Feb 29: The IMF succession saga is | China announced Monday that Weser as a replacement for tling for second-best when it set against a backdrop of it will buy \$6 million worth of US wheat, its first purchase of tensions and is also the latest in American agricultural produce under concessions it made last year in a bid to win improved trade relations, reports AP.

It is considered a trial-size shipment, but Clinton administration said it was evidence of of the International Monetary | China's intention to follow through with an agreement reached last November. In exchange for lowering its barriers to US farm products, China is seeking US backing for its entry into the World Trade Organisation and an end to the annual congressional reviews of its US trade status.

It will mark the first time China has bought wheat from the Pacific Northwest in more than two decades. Wheat shipments from that region had been barred because of China's contention that the grain contained excessive amounts of

Allowing shipments from the Pacific Northwest will save on freight costs and help US farmers compete with producers in other countries for sales in the huge Chinese market.

Government of the People's Republic of Bangladesh

Office of the Executive Engineer Savar PWD Division, Dhaka

Corrigendum Notice No. 1 (one)

In pursuance of this office Memo. No. 136(45) dt. 30-01-2000 for Notice Inviting Tender of Tender No. 40/1999-2000 for the work "Establishment of Fire Service & Civil Defence Station at 32-important thana sadar/places. (Sub-Head: Construction of boundary wall at Savar Fire Service and Civil Defence Station, Savar in Dhaka District) it is notified to all concerned that the following corrections in the above notice inviting tender has

1) The date of last selling and receiving of tender will be 06-3-2000 and 07-03-2000 instead of 23-02-2000 and 24-02-2000 espectively.

2) Lotters will be held on 15-03-2000 at 11-30 AM instead of 16-03-2000 at 12-30 PM in the office chamber of the indersigned

All other terms and conditions will remain unchanged. This corngendum notice will be a part and parcel of the tender

DIP-4503-27/2

Md. Matiar Rahman Executive Engineer Savar PWD Division SB Nagar, Dhaka

Bangladesh Sugar & Food **Industries Corporation** 3 No Dilkusha CA, Purbarag Bhaban (1st Floor), Dhaka

Pre-qualification of Consultant

Sealed tenders are invited by the Chief Engineer (Civil), Bangladesh Sugar & Food Industries Corporation from bonafide and reputed consulting firms for pre-qualification for supervising, designing, estimating, preparation of tender cuments etc. for construction of Multi-Storied Office fullding under Bangladesh Sugar and Food Industries reporation at 3 No. Dilkusha CA, Dhaka. Pre-qualification orm will be available from the Accounts Division, Sangladesh Sugar & Food Industries Corporation, Adamjee ourt (4th floor), 115-120, Motijheel CA, Dhaka on Payment of Tk. 1000/- (one thousand) only (non-refundable) from 28.2.2000 to 8.3.2000 during office hours up to 12:00 Moon. Before purchasing of pre-qualification form the mending firm shall have to submit a certificate to the Chief engineer (Civil), regarding successfully rendering of Onsultancy service for Multi-Storied Commercial Building ot less than 20 (twenty-storied) from an officer not below rank of Executive Engineer. The application for pre-Valification forms will be received by the Chief Engineer (Gvil) up to 12:00 hrs. on 12.3.2000 and will be opened at 1215 hrs on the same date in presence of the tenderers if any. Bangladesh Sugar & Food Industriés Corporation reserves, the right to accept or reject any or all pre-qualification application without assigning any reason thereof.

S-F-250 DFP-4234-24/2

M A Matin DGM (Civil)

New mad cow disease case

Denmark, Lithuania ban beef sale

COPENHAGEN. Feb 29: Britain. Denmark banned the sale of beef on the bone yesterday fol- three year-old in a herd of 73 in lowing a new case of "mad cow the north of the Jutland penindisease," reports AFP.

Sea from Denmark, banned entire herd is to be slaughtered. imports of Danish cattle, beef and by-products immediately mal acting strangely as it went the news became known.

are on the market, its director, sue to a British laboratory. Kazimieras Lukauskas, told the ELTA news agency.

saying: "the security of con- in such incidents. sumers is our first priority."

ous situation," she said.

This case is the first among

The newly infected animal, a sula, was slaughtered and the Lithuania, across the Baltic herd placed in quarantine. The

The owner noticed the anifor slaughter. An analysis at the The ban will remain until abattor raised the suspicious of Lithuania's veterinary agency is the veterinarian, who sent a satisfied no tainted products sample of the beast's brain tis-

"The diagnosis, received Sunday evening, was unfortu-In Copenhagen. Danish nately that it was mad cow dis-Food, Agriculture and Fisheries ease, said Bjerregaard, who Minister Ritt Bjerregaard an- has informed the European nounced the beef-on-the-bone Commission and ordered the ban at a press conference, implementation of EU measures

One case is one case too We need to act resolutely much. We are taking this case because we are in a very seri- very seriously and will follow it closely," the minister said.

Wholesalers and retailers Danish cows" and "the second have been ordered to withdraw since this disease erupted in from sale all beef cuts such as Britain" the minister said. A T-bone, rib steak, any beef lo-1992 case of bovine spongiform cated next to the spinal cord as encephalopathy (BSE) involved a well as products manufactured Scottish cow imported from from brains, eyes and tongues.

Euro zone needs to step up reforms OECD review says

would limit the need for interest said. rate rises to tame inflationary

gains speed, reports Reuters. year of monetary union, confi- need for deregulation was pardence remains high and ticularly conspicuous in "netmacroeconomic prospects look work sectors" and public profavourable," the organisation for curement. Economic Co-operation and Development said in a review of the Euro's 1999 debut year.

"The aggregate output gap is projected to be eliminated over the next two years, which would be the first time in almost a decade," the report, called "EMU One Year On," said.

"While at some point this might start to feed inflationary pressures, the pace of consumer price increases is projected to stay below two per cent on an annual average basis. helped by a gradually firming macroeconomic policy stance." it

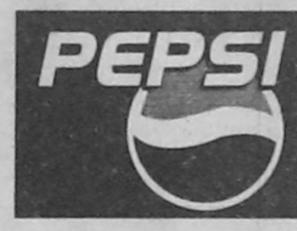
Wage moderation, if sus-

PARIS, Feb 29: The OECD tained would limit the needed said today the euro zone should tightening of monetary policy step up structural reforms and and would promote employthat continued wage restraint ment and hence growth," it

The OECD report said fuller pressure as economic growth implementation of the European Union's single market legislation "At the start of the second would also help and that the

The brighter conjunctural outlook provides a golden opportunity to step up structural reforms so as to create the conditions for the ongoing recovery to develop into a long-lasting period of vigorous growth, rising living standards and falling unemployment," it said.

The OECD, whose review concerns the first year of the Euro and does not cover the European Central Bank's latest interest rate increase in February, also said monetary policy communication with financial markets could be imThis announcement appears as a matter of record only





TRANSCOM BEVERAGES LIMITED

Acquisition Finance Syndication of Term Loan of BDT 500M

Advisor and Arranger Specialist Finance and Advisory Services Unit

FI Grindlays Bank



Participants

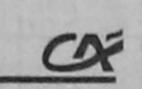
Arab Bangladesh Bank Limited



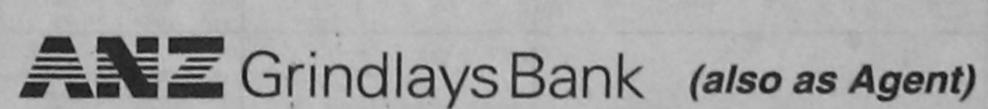
National Bank Limited



Southeast Bank Limited



Credit Agricole Indosuez



February 2000