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# The Daily Star BUSINESS

DHAKA, THURSDAY, APRIL 20, 2000

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## Govt offloads Siemens share

The government as part of its privatisation process yesterday offloaded its 31.66 per cent share to major shareholder Siemens Bangladesh Limited, a multi-national company, reports BSS.

Siemens Bangladesh Limited is a private Limited Company incorporated in Bangladesh in 1974 with 68.34 per cent shares held by Siemens AG, Germany and 31.66 per cent by the Bangladesh government.

Chairman of Siemens Bangladesh Limited Markus Beger handed over a cheque to Privatisation Board Chairman Kazi Zafarullah at a simple ceremony held at his office in the city.

Managing Director of the company Soeren Rendal, Senior Economist of Asian Development Bank (ADB) Dr Nara Hari Rao, Deputy Chief Representative of ADB Dr Omkar Shrestha and Board members SM Zakaria and NG Paul, among others, were present on the occasion.

Giving an overview of privatisation process in the country, Kazi Zafarullah said the present government is keen to encourage private sector for ensuring overall development of the country.

"As part of our journey towards privatisation, we have already privatised at least 18 companies," he said adding that four multinational companies are being privatised within the shortest possible time.

The privatisation move of the government would help create more jobs opportunities and expedite income generating activities in the country," he said.

The total shares of the company is 1999 while the face value of a share is Taka 1000.

## New Manager Bangladesh of BA



Jill R. Errington has been appointed the new Manager Bangladesh of British Airways, says a press release.

Born in Manchester, England, Jill Errington was educated in various places in the UK.

With a background career in sales, marketing, advertising within the media, Jill Errington joined British Airways in 1989 in Moscow as Assistant to the Manager - Soviet Union and Eastern Europe.

During the period of major changes within that region, Jill was in the 'front line' as Sales Manager establishing travel agencies, executive club, distribution network, new stations in new countries emerging from the break-up of the Soviet Union.

Since 1995, she has concentrated on establishing and developing cargo business, introducing new systems and growing exports to strong commercial levels. The MBE was awarded in 1995 for services to British commercial interests and the international community.

## Flora arranges seminar on e-commerce

Flora Systems at its corporate office, ASSET International, Motijheel center, arranged a seminar titled "e-commerce: The Business of the New Millennium," says a press release.

After welcome address by M N Islam, Chairman, Flora Systems Limited, Dr Kaykobad, Professor of Computer Science & Engineering Dept of BUET presented his key-note speech on "Internet Revolution". In his speech he said that the government should pay proper attention to IT and specifically internet to make the best use of our limited resources.

Mustafa Rafiqul Islam, Managing Director of Flora Systems, explained the technical know-how to establish an e-commerce site. Tapan Kanti Sarkar explained the state-of-the-art e-commerce training technologies named e-com@asset offered by Asset International, the high-end division of Apech Worldwide.

Rahul Brahmachari, the e-commerce specialist from India, explained the prospects in e-commerce. Mustafa Shamsul Islam, Director, Flora Systems Limited told about the prospects of e-commerce. He showed the web site of FLORA, which is already hosted in USA with the domain name www.flora-bd.com in his lively presentation.

# Industry to face setback if India denies concessional access

MCCI president says at EPC meeting in city

Star Business Report

A top business chamber of the country yesterday cautioned that the country's industrial sector would face serious setback in the future if India does not allow concessional access of local products to its markets.

"We have opened our market but India hasn't reciprocated," MCCI President Latifur Rahman said at the Export Promotion Council (EPC) meeting. "If the situation remains unchanged, then we will face serious problems after 2004."

Various business leaders who attended the meeting also criticised the government for non-fulfillment of its export promotion pledges. They said only 20 to 25 per cent of recommendations made by different chamber bodies have been implemented.

Held at Sheraton Hotel in the city, the 32nd meeting of the EPC was attended by exporters, business leaders, bankers and government officials.

Rahman also said that there have been talks on getting concessional access for our export products to the Indian market, but all those yielded no results.

The MCCI president also said the Indian authorities deliberately impose tariffs and non-tariff barriers on Bangladeshi products.

He said that there would not be much investment unless Bangladesh gets concessional access to Indian market.

He listed readymade garment, finished leather, leather goods and agro products, which can easily compete in the Indian market provided these get duty-free access.

The Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) President Abdul Awal Mintoo said that cash incentives were needed for the export sectors in the face of massive currency devaluation by neighbouring countries.

Dhaka Chamber of Commerce and Industry (DCCI) President Aftab ul Islam urged the government to set up a task force for the development of Information Technology (IT) and software export and called for launching a crash programme so that this sector could take off by 2004.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Vice President Anisul Huq asked the government to consider duty-free fabric import.

But Bangladesh Textile Mills Association (BTMA) President Salman F Rahman differed with the BGMEA leader, saying that the country's textile sector would face serious problems if duty-free fabric import was approved.

Salman also said the RMG sector does not need any cash incentive since it exports a lot and has a huge local market. He also mentioned that the Indians and Chinese were dumping their yarn and fabric in Bangladesh.

Mentioning access to capital as the major problem for the backward linkage industry, he urged the government to find ways of arranging funds for the purpose.

After the discussions, the EPC yesterday decided to hold sector-wise meetings in the future to discuss the impediments to export growth and find solutions.

Commerce Minister Md Abdul Jalil said this will help hold meaningful discussions on all the export sectors.

Jalil also informed the meeting that the government had also decided to form a WTO (World Trade Organisation) Cell to deal with all WTO-related issues including assessment of the actual impact of global trade agreement on the country's economy.

The minister said that the government would declare the formation of the cell within a week.

# Tax-dodging insurance cos to come under govt wrath

Star Business Report

Commerce Minister M Abdul Jalil yesterday said that the government would soon take action against the insurance companies which are evading taxes.

"There are some companies which evade taxes and tarnish the image of the sector. The government will soon take action against such tax dodgers," he said.

The minister, who was speaking at the launching ceremony of Desh General Insurance Company (DGIC) Ltd at a local hotel, said that the government's revenue earning from the insurance sector was increasing every year.

In 1996, we received Tk 646 crore in revenue from the insurance sector, which increased to Tk 761 crore in 1997 and Tk 884 crore in 1998.

Also speaking on the occasion, Chief Controller of Insurance Syed Tanveer Hossain said the country's insurance sector is in a state of anarchy and the flouting of rules by many insurance companies is depriving the government of a huge amount of money.

Hossain said that several insurance companies did not pay Tk 100 crore value added tax (VAT) to the government in the last three years.

Finance Minister Shah AMS Kibria attended the function as the chief guest, while Food Minister Amir Hossain Amu, Commerce Minister Md Abdul Jalil, Foreign Minister Abdus Samad Azad and Bangladesh Bank Governor Dr. Mohammed Farashuddin attended it as the guest of honour.

Hossain said that during his one-and-a-half months' responsibility as the chief controller of insurance, he saw many insurance companies failing to collect premiums, refraining from paying VAT and taking to irregularities in their balance sheets.

He said that lawlessness had been there in the sector for some time and sought help from the government to strengthen his office for restoring discipline.

Speaking on the occasion, Finance Minister SAMS Kibria said that discipline must be restored in the banking and insurance sectors, which play a key role in moulding the country's economic base.

He said when the present government took over, it faced several obstacles as the economy was in a very bad shape.

"There was an economic recession in Asia and then came the devastating 1998 deluge. But by taking proper steps, we have managed to overcome these odds and the economy is now in a better shape," Kibria said.

Kibria said that after the 1998 floods, the economy suffered and inflation soared. However from July 1999, the economy started to pick up and inflation came down. According to estimates, the current economic growth rate is 6.03 per cent, Kibria said.

Bangladesh Bank Governor Dr. Mohammed Farashuddin said that many western economies had experienced rapid economic progress as their insurance and provident funds were channelled to finance industry.

"These funds play a significant role in the industrialisation of a country," the governor said.

In his welcoming speech, DGIC Managing Director AFM Hassan Dastagir said that the new insurance companies needed proper nursing. But, he said the reinsurance facility has been reduced in case of new insurance companies.

He said new insurance companies are entering into the business with higher paid-up capital than the existing ones, and yet they face discrimination.

# CSE signs MoC with BSE

Chittagong Stock Exchange (CSE) signed a memorandum of co-operations (MoC) with Bombay Stock Exchange (BSE) of India at a ceremony held at the BSE Convention Hall in Mumbai on Tuesday, says a CSE press release.

The MoC would foster a closer relationship between the two exchanges resulting in increased mutual benefit for both the institutions and the investors.

According to the press release, the areas of cooperation are exchange of information, knowledge and experiences useful and vital to future business development, exchange of information on cross-listed securities and exchange of information on the markets operated and regulated by the exchanges for mutual development.

The MoC will facilitate the development of channels of communication and help foster a continuing relationship for the benefit of the financial services industry in both the countries.

Signing of MoC reflects CSE's commitment to work for cross border listing and trading, it said.

BSE signed similar memo with the London Stock Exchange and Colombo Stock Exchange.

A two-day SAFE conference in Mumbai concluded successfully on the day with all agenda passed. The agenda included inclusion of new members, approval of charter, framing a plan, deciding on exchange programme, comparative study or the rules of the member exchanges and approval of budget.



Douglas Lewis, Commercial Development Director for DHL Asia-Pacific/Middle East (left), and Bryan Jamison, Area Director ASEAN (right), display the 'Best Express Service' and the 'Best Warehouse Operator' awards at the Asian Freight Industry Awards 2000. DHL Worldwide Express is the only company to have won the 'Best Express Service' award since the AFIA was inaugurated in 1987 and is the only company to have won a category for 14 years running across all the categories and companies judged.

— DHL photo

# Cyber law, hop-free Internet link must for e-commerce

Experts at seminar in city observe

Star Business Report

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged the government to implement the recommendations of the JRC Committee Report on IT, saying that the sector's growth is being hurt by the compulsory requirement to get internet access through BTB as it entails high cost and low speed.

"To encourage and facilitate rapid development of the IT and software industry and harness the enormous prospect of accelerating export earnings and employment generation in this sector, it is urgently necessary to implement the JRC Committee recommendations," said Dewan Sultan Ahmed, Director of FBCCI, while speaking as the chief guest at a seminar held at FBCCI auditorium in the city yesterday.

BTB, which now charges US\$ 8000 per month for VSAT link of 64 KBPS, is unable to provide high speed connections. The monthly link charge in Nepal is US\$ 7000 for 2048 KBPS, which is 32 times higher than that of BTB, he added.

The service providers should be given permission to have direct access to Internet for promoting the country's software industry, Sultan said, adding that it is necessary to establish fibre optic links immediately.

The seminar on 'E-commerce: The Business of the New Millennium' was jointly organised by FBCCI and Axiom Technologies Ltd.

Rizwan Bin Farouq, Executive Director of Axiom Technologies Ltd, was the keynote speaker at the seminar.

In his speech, Farouq said the country needs to enact a Cyber Law which will protect the vendors as well as consumers. He also called for improving the banking system that will support the Net economy.

"We must have the facility of cost-effective access to Internet, which can put us online in just three seconds. High speed data links and robust telecommunications infrastructure are the prime requirements for e-commerce," he added.

At present, Bangladesh has no direct link to the Internet backbone. "Connection to the Net here is done through numerous 'hops' between the VSAT operators in Singapore, Hong Kong and other countries," he mentioned.

The world is going to be a single inter-connected online community with mobile phones using the Wireless Application Protocol (WAP) technology. Majority of all online transactions would be carried out through mobile phones, he stated, suggesting that Internet Service Providers (ISPs) with WAP technology should be set up in the country.

Bangladesh's Intellectual Property Rights (IPR) draft law in its present form does not recognise computer-generated materials. The evolving nature of e-commerce is producing its own legal problems and confusions even in the developed nations, giving rise to needs for a cyber law and its enforcement among all the nations, Farouq added.

He said Bangladesh's exchange control regime is a formidable hindrance to conducting e-commerce. Issues concerning taxation and tariffs also have to be addressed so that the emerging business models of e-commerce can be implemented in the country.

"Currently, credit-card payment requiring no signature is the most popular mode of payment in the sell-side e-commerce. Our banking system needs to learn to cope with it," Farouq observed.

Amid the volatility on Nasdaq and in technology stocks around the world, Philbin was cautious over the slew of initial public offerings of new technology companies.

"It is important to step back and ask where the value of this company. It lies in how the customers' needs are addressed, and that isn't measured by Nasdaq," he said.

# Dhaka Bank Board recommends 25pc dividend

The Board of Directors of Dhaka Bank Limited has recommended a 25 per cent cash dividend for the shareholders of the bank for the year ended December 31, 1999 subject to approval of Bangladesh Bank, says a press release.

The shareholders whose name will appear in the Register of Members of the company on the date of closer of the Members Register will be entitled to receive the dividend. The date of closer of Members Register will be announced before holding the AGM.

The bank earned a net profit of Tk. 167.85 million during the year 1999 as against Tk. 78.80 million in the previous year. The growth was 113 per cent.

# ADB loans drop to \$4.9b in '99

MANILA, Apr 19: The Asian Development Bank approved loans totalling US \$ 4.9 billion in 1999, down from the previous year's \$5.9 billion because of lower-than-expected lending to India, Pakistan and the Philippines, reports AP.

The Manila-based development bank said Wednesday some 40 per cent of the 1999 loans were for poverty reduction, which the bank set as its overarching goal last November.

Last year, the ADB approved 66 loans for 52 projects, with close to a third of total lending going to social infrastructure projects, it said.

# Asia-Pacific IT spending to exceed \$100b by 2004

SINGAPORE, Apr 19: Information technology (IT) spending in the Asia-Pacific region except Japan is set to grow over the next five years to 106.6 billion US dollars in 2004, IT research firm International Data Corp. (IDC) said today, reports AFP.

The growth of spending in the region is estimated at 15.5 per cent annually from 1999 to 2004 and will be focused mainly on IT services, rather than on hardware and software, said Dennis Philbin, IDC's managing director for Japan and Asia Pacific.

"What will be driving them is creating efficient, customer-centric IT systems," he said at a forum in Singapore.

Growth in spending will be fastest in Southeast Asia and India at 21 per cent, followed by greater China at 19.6 per cent, South Korea at 9.6 per cent and Australia and New Zealand at 9.1 per cent, IDC said in its latest survey.

At present, most of the region's IT spending is on hardware, accounting for 63 per cent of 51.8 billion dollars spent last year by companies, said Philbin.

Priorities are now shifting to integrating services to help companies get their products to customers faster and develop a competitive advantage, he said, commenting on a survey of chief executives and chief IT officers in the region.

Of the officials surveyed, nearly 60 per cent expected IT spending in IT to make them more efficient in less than a year while more than 30 per cent expected results within 18 months, Philbin said.

The difficulties to be faced include a skills shortage, a mentality of needing more hardware, integrating new and existing IT processes and the speed at which the Internet is driving all facets of business, he said.

Amid the volatility on Nasdaq and in technology stocks around the world, Philbin was cautious over the slew of initial public offerings of new technology companies.

"It is important to step back and ask where the value of this company. It lies in how the customers' needs are addressed, and that isn't measured by Nasdaq," he said.

# Battered Japan banking sector sees another mega merger

Tie-up creates world's 5th largest bank

TOKYO, Apr 19: Another mega merger was announced today in Japan's battered banking sector as the nation's biggest bank, Bank of Tokyo-Mitsubishi Ltd (BTM), said it will unite with a leading trust bank to create the world's fifth-biggest banking group by assets, reports Reuters.

BTM and Mitsubishi Trust & Banking Corp will combine under joint holding company in April 2001. Their trust banking operations will be consolidated by October 2001. BTM itself has two trust banking arms — Nippon Trust Bank and Tokyo Trust Bank.

The new holding company, Mitsubishi Tokyo Financial Group Inc, would be the world's fifth-largest banking group with a combined assets of 87 trillion yen (\$831.4 billion). It would be surpassed in size by three Japanese banking groups to be created by mergers announced since last August, and by Germany's Deutsche Bank.

Analysts said Mitsubishi Trust stands to benefit more than BTM from the merger because joining forces with Nippon Trust and Tokyo Trust will boost its competitiveness against other trust banks.

It's not clear where the benefit to BTM is in this, said Brian Waterhouse, senior banking analyst at HSBC Securities

in Tokyo. The fact that this new group is going to be the fifth-largest in the world in terms of assets really says nothing about profitability.

Reflecting such doubts, shares in BTM, which had been traded at a premium compared to other major Japanese banks as the industry leader, fell 3.35 per cent to 1,498 yen by Tokyo midday. Shares in Mitsubishi Trust rose 6.46 to 939 yen, and Nippon Trust Bank gained 4.32 per cent to 193.

Analysts say the move will accelerate consolidation between different financial sectors such as insurance, securities and trust banking.

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Professor Kaykobad delivers his key-note speech on Internet Revolution at a seminar on e-com@asset conducted by Flora Systems at its head office. The picture shows (from left) Mustafa Rafiqul Islam, MD of Flora Systems, MN Islam, Chairman, Dr Kaykobad, Professor of CS&E Dept of BUET, Mustafa Shamsul Islam, Director of Flora Systems, and Tapan Kanti Sarkar, Executive Director, Flora Systems Limited.