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Prof Mahmud for probe into big loans to find out if politics played a hand

Chairman of the Bank Reforms Committee Professor Wahiduddin Mahmud has said that for an "informed" public debate on the default loans, it is urgent to investigate whether political intervention has taken place in all big loans and not particularly in case of loans which have turned bad.

Talking to The Daily Star last night, the renowned economist said his comments were made at a BIBM seminar on Sunday were based on some survey findings regarding the

defaulted bank loans up to mid-1997. This was a study by a team of BIBM researchers in respect of a sample of 125 loan defaulters selected from 1000 top defaulters as available at that time.

"The BIBM survey findings are about loan defaulters only, not about the sanctions of loans in general," he said.

"Such investigation would help to see whether the survey result only revealed an all-pervasive culture of political lo-

beying or 'tabdir' or whether political patronage has played a role particularly in sanctioning loans of dubious quality" he said. "The later scenario is a much more sinister one."

The survey showed that, in sanctioning the loans, ministers influenced in 46 per cent cases, MPs in 35 per cent cases, ruling party leaders in 13 per cent cases and CBA leaders in four per cent cases.

"In view of the small size of the sample, further investigation is warranted on this subject. It is also important to identify the time period during which these loans were sanctioned information on which was not revealed in the BIBM study," he said.

In fact, a general difficulty of the official data on loan defaults as mentioned by the Bangladesh Bank is that this only shows the amounts of defaulted loans including accumulated interests at any given time. There is no way of know-



Antonio de Souza Menezes, Ambassador of the Delegation of the European Commission to Bangladesh, hands over the agreement paper to F H Abed, Executive Director of BRAC.

BB to set up micro finance monitoring unit

Bangladesh Bank will set up a new unit, Micro Finance Research and Reference, for monitoring the on-going micro finance programmes in the country, reports BSS.

The decision came at a meeting on Micro Finance of Non-Government Organisations (NGOs) and Micro Finance Institutes (MFI) with Finance Minister Shah A M S Kibria in the chair.

The meeting also formed an eleven-member steering committee headed by Bangladesh Bank Governor to conduct operation of the unit. The other members of the committee will include representatives from Finance Ministry, Social Welfare Ministry, Grameen Bank, PKSF, BRAC, ADAB, NGO Bureau, CDF and Bangladesh Bank.

During the next three years, the committee will prepare and introduce guidelines, standard reporting format, accounting standards and other necessary policies for NGOs and MFIs.

The Finance Minister said the government has a role to play to protect interest of the people in the case of micro-financing where people's money is involved.

China hikes foreign currency lending, deposit rates

SHANGHAI, May 29: China has hiked deposit and lending rates for the US dollar, British pound, Hong Kong dollar and the euro, the official Xinhua news agency reported today, says AFP.

The Bank of China (BOC) and other Chinese financial institutions also cut deposit rates on the Canadian dollar and the Swiss Franc in China, the agency said. The BOC is the country's largest holder of foreign exchange.

For the US dollar, the one-year deposit rate was raised to five per cent and the one-year lending rate of 8.125 per cent.

Emirates, Sri Lankan Airlines launch new service package

Frequent fliers to get hotel, travelling discounts

The Emirates airlines and Sri Lankan Airlines yesterday launched a new service package, offering frequent travelers a number of services including membership of the 'Skyward' that would allow them to get discounts at designated hotels and in traveling.

The service would be offered to frequent fliers for better communication," Edris Taher, Country Manager of the Emirates, said at a news conference yesterday at a local hotel to launch the new service.

He said the economy and business-class passengers can avail the membership card for Skyward by applying to the local offices and the headquarters of the Emirates. Those who would log 25,000 air miles would be entitled to get the silver Skyward package and those having 50,000 air miles would get gold Skyward membership card.

Based in Dubai, Emirates started its services in October, 1985. It acquired the management of the Sri Lankan Airlines, which was in the red, one and half years ago to turn it back to the black within a year.

The Emirates flies to 51 destinations with 32 aircraft and 6,000 employees while the Sri Lankan Airlines serves 29 destinations.

The Emirates started its twice weekly flights to Dhaka in October, 1986 and now operates nine flights a week with four extensions to Kuala Lumpur and Karachi. It carries a bulk of Bangladesh manpower exports to the Gulf including.

"We are having a good business operating out of Dhaka. The load factor from this sector is 80 per cent plus," Taher said.

He ruled out any plan to acquire 40 per cent share of the Bangladesh Biman which is being offered for a 'strategic partnership' under a privatisation programme.

BRAC to get Tk 200cr grant from EC

The European Commission will provide 41.87 million euro equivalent to about Tk 200 crore to Bangladesh Rural Advancement Committee (BRAC) as grant for its education programme and micro-credit rehabilitation project.

EU Head of Delegation Ambassador Antonio de Souza Menezes and Executive Director of BRAC F H Abed signed an agreement to this effect at the EU Dhaka office yesterday.

After the signing of the agreement, Menezes said that the EU assistance to BRAC would continue in the future. This assistance reflects the EU commitment to education, he said.

"I want to assure you that we would try to continue and enlarge whatever possible contributions we can make," he said. He observed that Bangladesh deserves special attention for poverty alleviation.

The EU Ambassador appreciated the role of NGOs and said that they were very effective channels to work with. "BRAC will remain a very important party to us," he said.

According to the agreement, 36 million euro has been earmarked for BRAC's non-formal primary education project for a period of four years from June 2000. BRAC is running 34,000 primary schools throughout the country where 1.1 million poor children are receiving primary education.

Over 1.6 million children have already graduated from these schools and most of them are pursuing their studies in higher classes. European Commission has been a major partner of BRAC in this programme.

Another grant of 5.87 million euro will be for micro-credit rehabilitation programme for the 1998 flood victims. The EC grant will provide support to 700,000 people of 134,000 households under BRAC's micro-credit programme.

Mahathir warns against oil oligopolies

KUALA LUMPUR, May 29: Prime Minister Mahathir Mohamad said on Monday that mergers among the world's petroleum giants were creating oil oligopolies which threatened to "gobble up" small national oil companies, says AP.

"The wave of mega-mergers has and will inevitably change the structure of business with a few of these newly-created giant entities dominating and dictating to the industry," Mahathir said in a speech to industry experts gathered in Kuala Lumpur for a regional meeting.

Mahathir questioned whether national oil companies in Asia will remain relevant among the powerful ones being formed by recent mergers such as Exxon and Mobil, British Petroleum and Amoco and Total Fina and ELF.

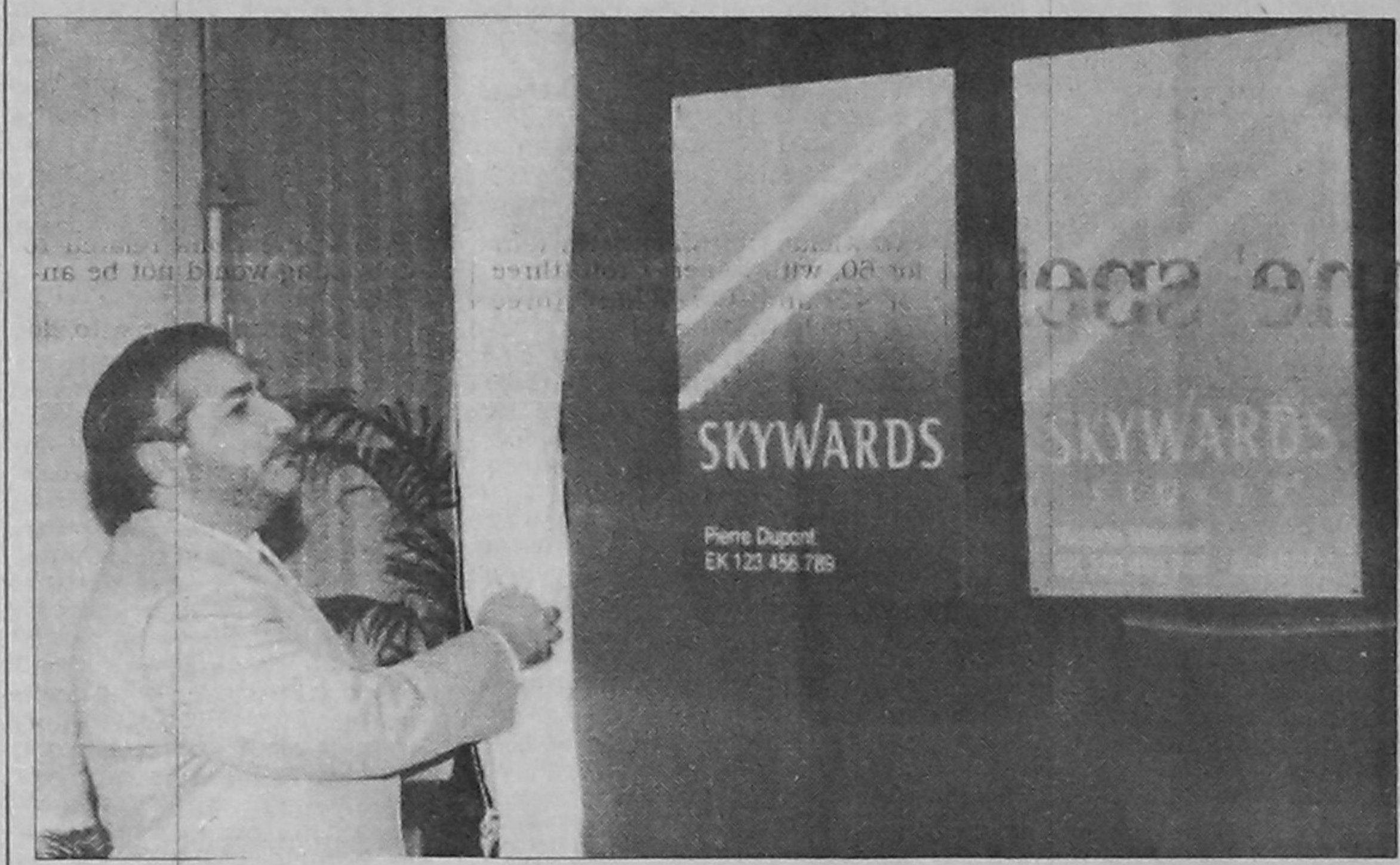
Japan's output shrinks, but outlook bright

TOKYO, May 29: Japan's industrial output shrank in April but analysts said recovery remained alive and the central bank reinforced its eagerness to raise interest rates for the first time in a decade, reports Reuters.

Industrial production contracted 0.4 per cent from the previous month, when it posted a strong 2.4 per cent gain, the Ministry of International Trade and Industry said. Economists had largely expected a slight rise in April.

But MITI forecast modest rises in May and June, and April output posted a 6.5 per cent jump from a year before, confirming a corporate-led rebound in the world's second-largest economy.

MITI's forecasts of 0.4 and 0.5 per cent (rises) give reason-



Emirates Country Manager Edris Taher unveils Skyward package for frequent fliers at a city hotel yesterday.

Exchange Rates

American Express Bank foreign exchange rates (indicative) against the Taka to clients							
Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD	Buying Transfer	
US Dollar	51.2700	51.3000	50.9000	50.7470	50.6750		
Pound Stg	26.6503	26.7102	26.4783	26.2510	26.1440		
Deutsche Mark	24.7738	24.7931	23.7783	23.7067	23.6790		
Swiss Franc	30.6400	30.6639	30.0118	29.9214	29.8789		
Japanese Yen	0.4822	0.4825	0.4733	0.4719	0.4712		
Dutch Guilder	21.9972	22.0043	21.1037	21.0401	21.0102		
Danish Krona	6.4335	6.4385	6.2993	6.2803	6.2714		
Australian \$	29.9439	29.9673	28.6568	28.5705	28.5299		
Belgian Franc	1.2011	1.2021	1.1529	1.1494	1.1478		
Canadian \$	34.4450	34.4719	33.4651	33.3643	33.3169		
French Franc	7.3867	7.3924	7.0899	7.0665	7.0585		
Hong Kong \$	6.5876	6.5928	6.5077	6.4881	6.4789		
Italian Lira	0.0250	0.0250	0.0239	0.0239	0.0239		
Norway Krone	5.7509	5.7554	5.6612	5.6442	5.6361		
Singapore \$	29.9188	29.9422	28.9796	28.8924	28.8513		
Saudi Rial	13.6968	13.7075	13.5111	13.4705	13.4513		
UAE Dirham	13.9666	13.9975	13.7958	13.7543	13.7347		
Swedish Krona	5.6833	5.6878	5.6137	5.5968	5.5888		
Qatari Riyal	14.1122	14.1232	13.9160	13.8741	13.8543		
Kuwaiti Dinar	172.4335	172.6682	160.1828	159.7005	159.4735		
Thai Baht	1.3107	1.3118	1.2973	1.2934	1.2916		
Euro	48.4533	48.4912	49.5064	49.3664	49.3005		
Bill buying rates							
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days		
50.7112	50.3866	49.9632	49.5398	49.1163	48.2695		
US dollar London Interbank Offered Rate (LIBOR)							
Buying (\$)	Selling (\$)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
50.6750	51.2700	USD	6.61500	6.82625	7.05250	7.28125	7.44750
75.140	76.6503	GBP	6.09999	6.25750	6.41719	6.55125	6.67000
C.H/T.C.	Cash/TC	EURO	4.17688	4.39750	4.59688	4.78000	4.89638
Exchange rates of some Asian currencies against US dollars							
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won		
4.20/44.38	51.895/51.90	39.16/39.21	3.7995/3.8005	8495/8545	1134/1136		
Amex notes on Monday's market							
The USD/BDT trading was moderately active on Monday. Major market players refrained from selling USD. Average USD/BDT rate ranged between 51.23 and 51.2500. Call money market was active and average call rates ranged between 8 per cent and 11 per cent.							
The international market was quiet as London and New York were closed. The euro, which has climbed as high as 0.9300 against the dollar, slowly slid below 0.900 level as reached as low as 0.9265. Thin trading in Tokyo and Singapore limited the euro within 0.9265-0.9885 level. Euroland M3 data were favorable for a rate hike by ECB, some dealers commented. But, there was no reaction in the market to this news. Dealers speculate that the euro might weaken a little in anticipation of a 25 bps rate hike by ECB in the June meeting.							
The yen and sterling were also range-bound, hovering within 10-20 pips of their NY Friday closing.							

Pak retailers keep shutters down protesting tax survey

ISLAMABAD, May 29: Merchants across Pakistan planned to shut their doors again today to protest a tax survey designed to impose a retail tax, but reports from several cities said some shopkeepers would ignore the strike call, reports Reuters.

The protest is the most organised one against the military regime which seized power last October. The military says the widening of the tax net is vital for the country's future.

The tax survey began on Saturday, and after a day's break, tax officials accompanied by armed soldiers began going shop to shop today in an attempt to trace tax evaders and to bring a \$60 billion black economy into the tax net.

Retailers have vowed to resist the survey, which they say will lead to more abuse from corrupt tax officials, but newspapers reported that some merchants' associations in various cities — 13 cities are being surveyed — had decided to open their shops.

Witnesses said several shops in Islamabad were open despite a call by the powerful traders' lobby to hold a two-day strike to protest the army-led tax survey.

"Our market will not shut down, it will stay open and accept the tax forms," a retailer at the Siraj Covered Market in Islamabad told Reuters.

Most shops in Lahore, capital of populous Punjab province, were due to remain closed but in the port city of Karachi retailers were divided on the strike call.

"By shutter down (closing), these traders want to keep our children hungry and they are not our friends," said Muhammad Irfan, president of Karachi Electronic Dealers' Association, whose members agreed to receive the survey forms on Saturday.

But other shop owners closed their doors and left when they saw the survey team approaching, a strategy which was to be followed again today.

Retailers have successfully defied attempts by previous government to impose a general sales tax and broaden the tax net, key demands from Pakistan's international donors.

Government of the People's Republic of Bangladesh
Ministry of Education
Bangladesh Secretariat, Dhaka
NOTICE

No Sha 13/1-16(Egypt)/98/109 Dated: 24/5/2000

Subject: Regarding Graduate and Post-Graduate Scholarship offered by the Egyptian Government: 2000-2001
Applications are invited from Bangladesh citizens for awarding scholarships at Graduate and Post-Graduate level completely on merit under the scholarship offered by the Egyptian government during 2000-2001 academic session. Only the candidates capable of fulfilling the following terms and conditions can apply:

Graduate	Subject	Requisite educational qualification
9	Agriculture, Science, Petroleum, Literature, Commerce, Law, Education, Economics and Political Science, Languages, Islamic and Arabic Studies, Musical Education, Fine Arts, Media and Public Information, Tourism and Lodging etc.	a) Should obtain at least 80% marks in average both in Secondary and Higher Secondary Examination for Science Group. b) Should obtain at least 75% marks in average both in Secondary and Higher Secondary Examinations for Commerce Group. c) Should obtain at least 70% marks in average in SSC and HSC Examinations for Humanities Group.
Post-Graduate	-Do-	Should have at least 3 first class in graduation or post-graduation in concerned subject.

2) A candidate won't be able to apply for more than one subject.
3) Those who have obtained graduation and post-graduation degrees after 1996 only may apply for post-graduate scholarship.
4) Candidate already selected for any other scholarship by the Ministry of Education need not apply.
5) If anyone after passing the Higher Secondary Examination in Science Group applies for Commerce Group and there is involvement of the subject, they too will have to compete with the students of Science Group. Nomination will be given on the basis of the total marks obtained in SSC and HSC examinations.
6) A candidate, if nominated for any scholarship for any country, then he will not be considered as the candidate for other country.
7) Candidates after being nominated provisionally by the ministry, will have to appear at a viva-voce test at the Embassy of Egypt.
8) If anyone obtains grade in lieu of marks, then he will have to give a certificate from the concerned institution by mentioning the marks for the grades obtained.
9) Candidates must learn Arabic language and will have to study in Arabic.
10) Finally nominated candidate will have to bear for travelling to Egypt and return to country after study himself. All expenses during the period of his stay in Egypt will have to be borne by candidate himself. The Egyptian government will bear tuition fees and registration fees only.
11) Application of the candidates giving false statement will be treated as rejected.
12) Two copies of application (in English) in plain paper as per following proforma will have to be submitted. With one set of application all certificates of examinations passed of the candidates and mark sheets and one copy of passport size photograph duly attested by class I gazetted official will have to be enclosed. In other copy only one copy of attested photograph will have to be attached by gems clip with the original application in such a way that two applications can be separated easily. No other application is needed to be submitted.
13) The proforma application will be as follows (in English):
Application for Graduate/Post-Graduate Scholarship-2000-2001 offered by the Egyptian government.
Name of the subject applied for:
a) Name of candidate:
b) Father's name:
c) Present address (with telegraph office):
d) Permanent address:
e) Nationality (telephone numbers if any):
f) Date of birth:
g) Age:
h) Only for candidates at graduate level (Results of SSC and HSC examinations)

Name of examination	Board	Year	Roll number	Total marks obtained	Percentage
SSC					
HSC					

Total marks obtained in SSC and HSC examinations and percentage

Name of examination	Year of passing	Divisions obtained	Total marks on examinations held	Total marks obtained	Percentage	Score as per no 7 paragraph
SSC						
HSC						
Graduate						
Post-Graduate						
Others						

1) Detailed statement selected for any other scholarship by Ministry of Education.

Full signature of the applicant

14) Application should reach the address of the undersigned by 5/6/2000. Incomplete application will be treated as rejected. 'Graduate or Post-Graduate Scholarship of the Egyptian Government' (which is applicable) will have to be written legibly on the envelope of the application.
15) List of the candidates selected provisionally for nomination will be hung on 15/6/2000 in front of the lift of 18th floor of the Ministry of Education and No 1 gate of Secretariat. Prescribed forms will be distributed among the candidates. Candidates won't be given separate letters. Those who will be selected provisionally by the ministry, will have to submit the form again from the ministry after filling it up instantly.
16) The decision of the authority regarding the selection of the candidate will be treated as final.

Begum Kazol Islam
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Ministry of Education, Bangladesh Secretariat,
Dhaka. Phone: 8615332

DFP-13287-28/5/00
G-1027

Free trade, e-commerce top APEC meet agenda

SINGAPORE, May 29: Progress in lifting free trade barriers, strengthening market structures and kick starting electronic commerce initiatives in the region top the agenda for senior Asia-Pacific officials meeting in Brunei this week, reports AFP.

The June 2-3 gathering of officials from the 21-member Asia Pacific Economic Cooperation (APEC) forum in the Brunei capital of Bandar Seri Begawan, immediately precedes a trade ministers' meeting in Darwin, Australia.

APEC is determined to achieve free trade and investment among its members by 2020. The grouping, which makes decisions by consensus, also hopes to present a unified front in pushing for a new round of multilateral trade talks in the World Trade Organisation.

Trade relations among Asia-Pacific nations received a boost last week when US lawmakers voted to grant China permanent trade relations status (PNTR). China and the US are members of APEC.

Under PNTR, China's exporters are assured of benefiting on a permanent basis from the same low US tariffs enjoyed by all but a handful of nations.

Other APEC members have welcomed the move saying it will lead to more opportunities for them as China accedes to the World Trade Organisation.

Singapore Trade Minister George Yeo said the positive US vote "greatly improves the prospect for peace and prosperity in the Pacific for many years to come."

There had been fears expressed by leaders in the Pacific rim that political will was undermining the quest for global free trade and investment, and some APEC members were taking initiatives to implement free trade agreements on a bilateral basis.

The meeting will consider a paper by Australia on the "trade and development experience in APEC" and Japan's proposals for confidence building measures in the World Trade Organisation.