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# The Daily Star BUSINESS

DHAKA, MONDAY, JUNE 12, 2000

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## 5 trade bodies hail budget

From a Correspondent

NARAYANGANJ, June 11: One local and four national trade bodies have welcomed the proposed national budget for 2000-2001.

In a joint statement, President of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Monjurul Haque, President of Bangladesh Yarn Merchant Association Badsha Mia, president of Bangladesh Cloth Merchant Association Kashem Jamal, President of Bangladesh Hosiery Samity Rashed Sarwar and President of Narayanganj Chamber of Commerce and Industry (NCCI) AKM Selim Osman, termed the new budget a dynamic one that will improve the economy.

They said the proposed budget will give supports for industrialisation, export promotion and agricultural and IT sector development.

The proposal for a liberal tax management will increase the revenue earnings, they said in the statement.

## Narsingdi Chamber

Narsingdi Chamber of Commerce and Industry has appreciated the budget.

In a press statement, Chamber President Ramij Uddin Fakir thanked the government for giving priority to the agro-based industries, textile and information technology sectors and for reducing duties on industrial raw materials.

## New MD of Eshna



The Board of Directors of Eshna Consulting Team Ltd. has appointed Shameem Ahmad Raihanuddin as the new Managing Director of the company, says a press release.

He replaces Akhter Matin Chaudhury.

A graduate from the Dhaka University with Masters degrees in Economics and Business Administration, Shameem is a marketing and management professional with 24 years of work experience both at home and abroad. He was with Glaxo for nineteen years and was the company's Marketing Director before moving on to ACI as its Planning Director.

In 1998, he joined hands with three other successful professionals to form Eshna, the only one-stop business and management consulting company of the country.

Over the last two years, Eshna has consolidated its position in the consultancy world having provided advisory services to thirty companies including multi-nationals and international funding agencies. The company is associated with Agristudio, a leading European consulting company involved with agriculture, agronomy, environment, animal husbandry and rural development. Eshna is also the exclusive franchisee of TQM International for providing consultancy services in quality management systems in Bangladesh.

## 5-day DCCI course ends

The certificate awarding ceremony of a 5-day training course on "How to establish and set-up a Joint Venture with partners from the European Union" was held recently, says a press release.

The course was organised by the Business Advisory Service (BAS) of the Dhaka Chamber of Commerce & Industry (DCCI), a project implemented in association with German Technical Cooperation (GTZ).

The two key objectives for the programme were to give the participants the necessary skills to become a successful joint venture partner, and to have a realistic view of this type of cooperation being active in the global market.

RM Khan, former president and present Director of The Dhaka Chamber of Commerce & Industry (DCCI), presided over the function.

In his speech, Khan explained the present joint venture-oriented policy of Bangladesh and stressed the need for more such ventures with international businesses.

Jan Axel Voss, Economic Counsellor and charge d'affaires of the German Embassy in Dhaka, explained the role the embassy is pursuing to increase bilateral trade between Bangladesh and Germany. He highlighted cultural differences between the two countries as a barrier to increased business.

# 7 Indian states plan to pressure govt for extending sub-regional co-op

Speaker of Assam Legislative Assembly says in city

Star Business Report

Speaker of the Assam Legislative Assembly Ganesh Kumar has said that the seven northeastern states of India and Sikkim have formed a forum to put pressure on the Indian government to initiate a dialogue for an agreement on the extension of sub-regional cooperation with neighbouring countries.

"We hope that allowing transit for export and import through Chittagong port, opening up a Bangladesh Consular General in Guwahati and establishing direct air link between Dhaka and Guwahati would be the major initiatives to

strengthen sub-regional cooperation," he stated.

The speaker was speaking at the guest of honour at an interaction meeting on sub-regional cooperation organised by Bangladesh Institute of Law and International Affairs (BILIA) at its auditorium in the city yesterday.

Kutum said an international airport, which is about to be set up at Guwahati, will "enable us to come to Dhaka in just 30 minutes." There are lots of trade opportunities in the South Asia region, he added.

Deputy Speaker of the Parliament Abdul Hamid attended

the meeting as chief guest while Haroon Habib, Managing Director and Chief Editor of Bangladesh Sangbadh Sangstha (BSS), chaired it. Aftabul Islam, President of Dhaka Chamber of Commerce and Industry (DCCI), also spoke.

Deputy Speaker Abdul Hamid said initiatives have been taken for visa-free travelling of MPs of the SAARC countries.

Citing example of the decade-long struggle for unification of the European Union (EU), he said cooperation within SAARC will be strengthened if people in the region can

travel freely.

Aftabul Islam said presently Bangladesh imports around US\$ 1.2 billion worth of goods from India while its exports stand at only US\$ 48 million.

"There are infrastructures to extend trade with the north-eastern states," he observed.

A 34-member Commonwealth Parliamentary Association (CPA), Assam State Branch, delegation led by Ganesh Kutum is in the city now. The purpose of the visit is to strengthen the existing ties between the two CPA organisations and open up channels for mutual cooperation.

## Agrani Bank cuts lending rate

Agrani Bank has decided to reduce the interest rates of different industrial loans, says a press release.

The decision has been taken at the 468th meeting of the Board of Directors of the bank. The interest rate has been reduced to 10 per cent in respect of project loans for some thrust sectors namely agricultural industry (excluding potato cold storages), computer software and information technology development and export, 100 per cent export oriented frozen food, stuffed toys, jewellery and diamond cutting and finishing, finished leather goods industries, 100 per cent export-oriented industries run with local raw materials and 100 per cent export-oriented garments industry (excluding readymade garments) in the interest of the expansion of industrialisation in the country.

Moreover, interest rate of working capital for all types of industry has again been reduced to 14 per cent from 14.50 per cent. Furthermore, the bank has decided to provide rebate facilities ranging from 5 per cent to 15 per cent to the debtors based on their categories at the end of the year. Agrani Bank has also taken the decision to charge interest at a rate reduced by 1 per cent to 1.50 per cent for encouraging the regular and good debtors by offering this special facility.

## GTZ organisational development workshop ends

A four-day "Organizational Development" workshop for the mid-level staff of Dipshikha, a leading NGO funded by the Promotion of the Private Sector-Component-B, GTZ, Bangladesh, ended in Bakultala under Dinajpur district on Thursday, says a press statement.

The workshop focused on organisational development that optimises an organisation's performance in relation to its vision, mission, goal, objectives, resources and environment and also the change in patterns of social values, public policies and organisational behaviour consistent with the needs of sustainable development.

Fifteen mid and senior-level participants including the Executive Director of Dipshikha took part in the workshop. Project Manager Abu Bakar Siddique was present in the last two days. Shahnaz Kapadia Rahat, Executive Director of Entrepreneurship and Career Institute (Pvt) Ltd, Islamabad, Pakistan, was present as facilitator of the workshop in addition to her assignment Centre Assessment and Resource Mobilisation.

Earlier this year, GP started its service in Sylhet and Barisal

# SEC turns down Madina Shoe's IPO petition

Allegation of submitting false documents

By M Shamsur Rahman

A shoe manufacturing company has been accused of allegedly submitting false documents while opting to raise funds from the capital market.

The Securities and Exchange Commission (SEC) has turned down the Initial Public Offering (IPO) application of Madina Shoe Industries Ltd. for allegedly submitting a due diligence certificate with forged signature.

In October last year, the company had applied to the SEC seeking its permission to raise Tk 2.50 crore from the stock market by issuing 25,00,000 shares of Tk 10 each.

The company also submitted relevant documents including a due diligence certificate by the company directors.

While going through the documents of the shoe company, the SEC found that the "declaration about the responsibility of the directors and of

ficers of the company" bore signature of ABM Rafiq Hussain as director of the company and the general manager of Bangladesh Shilpa Rin Sangstha (BSRS).

When the SEC wrote to the BSRS to check the authenticity of the signature, the Sangstha informed the regulators that Hussain is a nominee director and Deputy General Manager of BSRS. But he did not sign the due diligence certificate of the company.

The BSRS also said that it had given a long-term loan to the project and ABM Rafiq Hussain submitted nomination for directorship in its Board as per loan conditionalities.

After detection of the alleged anomalies, the SEC rejected the IPO application early last month, stating the reasons.

Md Shafiqul Islam Khondaker, Managing Director of Madina Shoe, later approached the SEC saying that the man-

ager to the issue -- Millennium Investment Management Co Ltd, which was appointed by the company to handle its pre-IPO works -- made the mistake. They also urged the SEC to reconsider its earlier decision.

When contacted, Madina Shoe Managing Director Md Shafiqul Islam Khondaker refused to comment.

On being asked, an official of the Millennium Investment Management denied having submitted the document with forged signature.

"It is not always possible for the issue managers to verify every signature. It is the job of the managing director of the company to verify the directors' signatures. As an issue manager, we just accepted the document," the official told The Daily Star yesterday, adding "we are responsible for valuation of company assets and other things."



Romo Rouf Chowdhury, Director of Rangs Properties Limited, hands over a brochure to Mahbub Anam representing the Anam family to inaugurate the Anam Rangs Plaza, a joint venture modern shopping complex at Dhanmondi in the city. City's elites and prospective buyers were present at the project launching ceremony held yesterday at the White Castle restaurant. —Star photo

# GrameenPhone goes to Rajshahi

## Net expanded to all divisional HQ

GrameenPhone Limited, the largest mobile telephone operator in the country, has started its service in Rajshahi yesterday, expanding its coverage to all six divisional headquarters, says a press release of the company.

GrameenPhone is proud to be the first mobile phone operator to start its service in this important divisional headquarter. A total of four GP sales outlets have been opened in Rajshahi city.

Commanding over 50 per cent of the market share with about 100,000 subscribers, GrameenPhone has the most extensive cellular network in the country having coverage in some 27 districts. Presently, there are 236 base stations in operation across the country.

Earlier this year, GP started its service in Sylhet and Barisal

while its network was expanded to Khulna last year and in Chittagong in 1998. Plans are in place to increase the company's coverage to 40 districts in the current year.

The launching of GP's service in Barisal was an important milestone for the company. Coverage in the Barisal division is part of a microwave link between Khulna and Chittagong. This microwave link completed a loop with the existing areas of coverage, enabling GP to provide more efficient service to its valued subscribers.

Starting its operations on March 26, 1997, GrameenPhone is a unique joint venture of organisations from four countries in three continents. GP is one of the largest private sector investments in the country with 85 million US dollars already invested and a total investment

outlay of 125 million dollars. In addition, the Asian Development Bank, International Finance Corporation and the Commonwealth Development Corporation provided 55 million dollars in loan and equity investments to GrameenPhone last year.

GrameenPhone has been a pioneer in introducing new and innovative products and services in the local market. In addition to its popular mobile-to-mobile (GP-GP) product, GP has introduced the EASY Pre-Paid service, a unique product that allows a subscriber to control the usage, avoid the hassles of bill payment and use the same mobile number in all of GP's coverage areas.

GP is offering value-added services like the Voice Mail Service (VMS) and the Short Message Service (SMS).

# Budget to prompt overall development: FBCCI

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the apex body of the country's business bodies, yesterday hailed the proposed budget for 2000-2001, saying it would prompt the overall development, reports BSS.

"FBCCI appreciates the new budget for providing incentives for capital market development, relief for the small tax payers, widening the tax-net and further streamlining the tax administration," a statement issued after a meeting of the Federation said.

M A Mumin, Vice-president of FBCCI, presided over the meeting of its Board of Directors.

The statement said the raising of the tax-free income limit to Taka 1 lakh was a good step to give relief to small income group people. It however, suggested introduction of the system for submitting wealth statement for the government officials, as it was now applicable for the private sector.

It praised "the provision for declaring untaxed income by payment of 10 per cent income tax but suggested that who will declare a minimum of Taka five lakh, the pending cases in Court and Appeal Board be treated as settled as per return submitted by them."

FBCCI hoped that persons having undeclared income should come forward to take

full advantage of this opportunity.

The Federation, however, proposed that who will invest the undeclared income in industry, the rate of tax on them should be 5 per cent instead of 10 per cent along with all other usual facilities.

But, if any person is found to have undeclared income or wealth, there should be a provision for stiff punishment for holding illegal income or wealth, it suggested.

FBCCI praised the tax allowances provided for development of the capital market making investment in secondary market eligible for tax credit and raising investment allowance for investment in IPOs and exemption limit of dividend income.

It lauded the reduction of duties on a large number of industrial raw materials and intermediate inputs, saying, this would promote industrial production and encourage investment.

"In addition, FBCCI held that the support provided to industries through extension of tax holiday, accelerated depreciation, continuation of export subsidies and other measures are praiseworthy steps.

The chamber said the budget would encourage investment by creating an equity development fund. The issuance of Taka 1800 crore government bonds and paying cash to nationalised

commercial banks for settling classified bank loans of SOEs and the reduction of interest rates on savings certificates are desirable steps.

But it suggested further reduction of interest rates on savings certificates, saying "high interest rate" on savings certificates would only allow more government borrowing and keep the interest rate for commercial borrowing at the highest level.

FBCCI also hailed increased allocation for education and health sectors and further strengthening of special measures addressing the poor.

FBCCI also lauded the focused attention given to the IT sector and reassured its support to the agriculture sector.

The FBCCI was critical of the proposed incentives provided for commercial auditors at the rate of 10 per cent and for the audit team at the rate of five per cent in the case of VAT, saying it was untenable because it was the normal function of the audit team and commercial auditors. The apex body feared that it would result in unnecessary harassment of genuine taxpayers.

The Federation expressed concern over deteriorating fiscal deficit and government borrowing of Taka 3514 crore from banking system, saying that this high amount of borrowing would crowd out the private sector from settling funds from banks.

The FBCCI however, suggested that the government meet the deficit by taking two alternative steps — removal of losses of about Taka 2000 crore per annum from state-owned enterprises (SOEs) and reduce revenue expenditures of the government.

It also observed that the budget did not provide "definite guideline" for creation of employment opportunities, growth of manufacturing sector and facing the challenge of globalisation.

It criticised "absence of positive indication" for sick industries in the budget and suggested that the tenure of the sick industries committee be extended.

On duties, FBCCI said the increase in duty on plastic materials and certain other items would have adverse impact on industries and employment. It suggested that life saving drugs and perishable commodities be exempted from the purview of the PSI system.

Regarding hartal called by the opposition political parties against the proposed budget, FBCCI said: "Hartal does in no way benefit the people."



The annual general meeting of MasterCard Asia/Pacific region was held in Kuala Lumpur recently. Rafiqul Islam Khan, Managing Director of National Bank Limited (extreme right), is seen with Robert W Selander, President and CEO (extreme left), MasterCard International, at the AGM.

# India's telephone gift to state workers rings alarm bells

## Industry, media blast telecom minister's decision

NEW DELHI, June 11: An Indian minister's decision to hand out free telephone connections to 320,000 state workers has set off alarm bells in the troubled telecommunications sector, which is seeking reform through privatisation, says AFP.

Industry bodies and the media sharply criticised Telecom Minister Ram Vilas Paswan's gift to workers of the state-run Department of Telecommunications, terming it a recipe for disaster.

"Clearly, the message of downsizing and slashing government expenditure has not percolated through," the Business Standard said in an editorial, adding the Indian public would have to foot the bill.

"India's telephone connections are among the lowest in the world with only 2.6 lines per 100 people compared to the global average of about 14.5.

Experts say India needs investment of about 70 billion dollars to bring its telephone density on a par with the world average.

The extravagant gift to state employees is made all the more difficult to stomach because of a revenue loss of about three billion rupees (68.9 million dollars) the government would have earned through connection fees, plus one billion rupees annually or rentals.

India's Telecom Commission met last week and approved the controversial proposal, but it is yet to be formally cleared by the prime minister.

The finance ministry has distanced itself from the move, saying its highest-ranked bureaucrat Piyush Mankad had not attended the meeting.

Newspapers quoted sources as saying Prime Minister Atal Behari Vajpayee was against the unilateral decision as it ran

contrary to government policy on economic reforms.

Paswan, a politician from the eastern state of Bihar, has not backed down from his decision, largely seen as a move to enhance his popularity.

Industry officials said providing free phones to telecom employees was justified as long as it was linked to performance. "If the department of telecoms is providing free phones to employees, then it is expected that the productivity and efficiency levels should also rise," said Vijay Kapur, chairman of a leading trade forum's telecoms committee.

Experts say the sector is hugely overstaffed — with 20 employees per phone line, or twice more than many developed nations.

"You will need to do some downsizing, if you need efficiency. The department needs to take a lot more measures to be-

come competitive," said Mahesh Uppal, director of Telecommunications and Computer Information Systems.

Uppal said the telecoms department had to trim itself into a corporate organisation to meet a serious challenge from the private sector.

Following India's sweeping market reforms of 1991, basic telephone services were opened to private players, who are already operating in major states.

The Indian government has set itself twin targets — privatising loss-making state units and trimming the number of employees in the government to contain a ballooning fiscal deficit.

The country's fiscal deficit is set to reach 5.6 per cent of gross domestic product in the current fiscal year to March 2001 against a targeted figure of 5.1 per cent.

## Exchange Rates

Following are yesterday's <b>Standard Chartered Bank</b> foreign exchange rates (indicative) against the Taka to major currencies.							
Central Bank buying and selling rate of USD: BDT 50.85/BDT 51.15							
Selling		Currency		Buying			
TT/OD	BC			TT Clean	OD Sight Doc	OD Transe	
51.2800	51.3100	USD		50.9050	50.7363	50.6477	
0.4868	0.4870	JPY		0.4694	0.4678	0.4670	
31.4505	31.4688	CHF		30.7490	30.6471	30.5382	
30.2091	30.2268	SGD		29.1135	29.0170	28.9664	
35.0824	35.1030	CAD		34.2403	34.1288	33.9986	
5.9037	5.9071	SEK		5.8037	5.7845	5.7724	
31.1936	31.2119	AUD		28.3948	28.3007	28.0993	
13.6401	13.6481	MYR		13.2548	13.2109	13.1775	
6.6146	6.6184	HKD		6.4983	6.4768	6.4630	
13.7838	13.7919	SAR		13.4040	13.4202	13.3861	
14.0771	14.0853	AED		13.7440	13.6964	13.6635	
0.0462	0.0462	KRW		0.0454	0.0453	0.0452	
77.9200	77.9655	GBP		76.2811	76.0283	75.7436	
49.4083	49.4372	EUR		47.4842	47.3268	47.2442	
Usance Export Bills							
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days		
50.8001	50.4866	50.0682	49.5870	49.0641	47.8925		
Exchange rates of some Asian currencies against US dollar							
Indian Rupee	Pak Rupee	Thai Baht	Mal. Ringit	Indo. Rupiah	Sing. Dollar		
44.54/44.59	51.75/52.10	39.12/39.15	3.7995/05	8605/8625	0.4590/0.4600		
US dollar				Libor			
Buying		Selling		1 Month	3 Months	6 Months	12 Months
Cash notes	50.7050	51.3100	USD	6.64125	6.64	7.0625	7.45
T C	50.6650	51.2900	GBP	6.11813	6.26125	6.41703	6.68094