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The Daily Star BUSINESS

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DCC launches drive to recover Tk 20 cr taxes

Dhaka City Corporation has launched a drive to recover taxes from defaulters before the end of current fiscal year, says BSS.

The Corporation, in its bid to recover outstanding taxes of about Tk 20 crore, announced the surcharge exemption on taxes till June 30, a DCC press release said here yesterday.

"DCC has decided to extend the date of surcharge exemption till June 30 following request from tax-payers," a senior official said.

The taxes will be received at all regional offices on weekly holidays — Friday from 9 am to 12 noon and Saturday from 9 am to 2 pm.

The official said the corporation had received good response from tax-payers last year and, "We are expecting similar response this year also."

Flora launches CTEC at Asset Motijheel Centre

Flora Systems launched Microsoft Certified Technical Education Centre (CTEC) at Asset Motijheel Centre in the city yesterday, says a press release.

The launching ceremony was attended by Md Nurul Islam, Chairman, Mustafa Rafiqul Islam, Managing Director, Mustafa Shamsul Islam, Director, Hussein S Feroz (Shaheed), Director, Tapan Kanti Sarkar, Executive Director of Flora Systems Ltd, Ramakanta Bhattacharjee, Area Business Head, Apteck, Prof Ehsan H Feroz, the University of Minnesota in USA, elites and journalists.

Speaking on the occasion, the Chairman of Flora Systems Limited said Flora has partnered with Apteck with a vision to bringing quality IT education to the doorsteps of the people. The launching of CTEC is a part fulfillment of that vision.

Prof Ehsan H Feroz highlighted the importance of Microsoft certification in USA. He also expressed his deep satisfaction over the opportunity Flora Systems is going to provide to the Bangladesh students.

The Managing Director of Flora Systems Limited said Flora is associated with Apteck-Asset Microsoft has certified Flora Systems as their technical education partner and solutions provider.

Ramakanta Bhattacharjee welcomed the initiative of Flora Systems and Asset for creating an opportunity for the IT professionals as well as for job seekers in the IT field to pick up globally-demanded software skills through CTEC.

Tapan Kanti Sarkar, Executive Director of Flora Systems, said Microsoft certification keep computer professionals on top of evolving information technologies.

Syrian ruling party for command economy

DAMASCUS, July 17: Syria's ruling Baath party expressed its commitment to a command economy yesterday, casting doubt on the willingness of the country's effective leader Bashar al-Assad to undertake structural reform, reports Reuters.

"The public sector plays a leading role in the economy and development," said a party report prepared ahead of its first congress in 15 years on Saturday.

It was partly published in Beirut Newspaper As-Safir on Friday. The newspaper said the report was going to be circulated to the party's members at the meeting.

The report said the economy was not keeping pace with rapid population growth, the budget suffered unacceptable deficits and the state-owned banking system was inadequate.

The remedies were vague and included raising the productivity of the public sector, freeing prices, but not for "strategic and social" goods, and adopting "non-central" as opposed to central planning and economic management.

"It is important to work on strengthening the role of the public sector, concentrate on exports and implement better investment policies," the report said.

It was written before the death of President Hafez al-Assad last Saturday and the ensuing rise of Bashar to head the army and receive nomination to the presidency.

Nonetheless, the report was likely to have passed by Bashar, the apparent heir who was due to have been appointed by his father to a new party politburo at the congress.

Now Bashar, an eye doctor who has no experience in government or economics, is on course to become head of the Baath party and president of Syria. His choices for politburo membership will provide another indication of his enthusiasm for reform.

Many may find vision missing in budget

By Wahiduddin Mahmud

The discussion on the budget may seem to be only an annual ritual, but at least it provides a pretext to generally discuss the state of the economy. This is also an appropriate time to look back and assess the economic and fiscal performance during the entire tenure of this government, as the finance minister has done in his budget speech. Given the confrontational nature of our politics and the rhetoric that goes with it, the finance minister has been, of course, constrained in making an objective assessment of the economic situation as I know he is capable of. But what many may find missing in his budget speech is a vision for the future, and, in particular, an outline of the tasks he is leaving for the next finance minister. This is not only the last budget of the present regime but also the first budget of the century and a new millennium (though both in my view start on January 1, 2001).

Regarding the recent developments in fiscal management, the government's increasing domestic borrowing, particularly borrowing from the banking system, is an issue that is agitating everybody's mind. A lot of confusion can arise if we do not correctly identify the yardsticks for judging what is good fiscal performance. The main underlying reason for the government's increased domestic borrowing is that, while foreign funding has been declining, we have sought to keep the size of the development budget from falling, whether as a proportion of GDP or of total budget expenditure. The limit to which it can be done depends on whether such borrowing, along with net credit expansion in the private sector, leads to excessive monetary expansion so as to jeopardise macroeconomic stabilisation. This year it has been possible because of the somewhat stifled demand for credit in the private sector. For the first time this year, government borrowing from the banking sector has exceeded net private credit expansion. But if there is an increase in credit demand from a revitalised private sector (and I am sure the government would like to see it happen), then a much more proactive monetary policy will need to be pursued, in which the level of government borrowing is planned ahead instead of arising by default.

My worry regarding the budgetary trends is not however about the government's borrowing as such, but about the fact that the need for such borrowing has arisen also in part due to the decline in the revenue surplus available for development spending. The revenue surplus as a proportion of revenue earnings increased from 6 per cent in 1989-90 to a peak of 37 per cent in 1993-94, but has steadily declined since then to 21 per cent in this year's revised budget and is projected at 22 per

cent for the coming year. (It had meanwhile reached a 5 per cent low in the flood year of 1998-99.) There are of course many ambiguities in the classification of revenue and development expenditure, so that the revenue surplus is not exactly the same as what can be called public saving, but the trends in both are very likely to be in the same direction. In a severely saving-constrained economy like ours, I believe that the budget's contribution to domestic saving is one of the most important yardsticks of fiscal performance; and in this respect, we are moving in the wrong direction. I know that the finance minister will agree with me, that in order to be able to better interpret the budgetary trends, we need a more economically sound classification of budgetary expenditure, distinguishing between current expenditure on public administration and on social services and capital expenditure for fixed investment.

We may, of course, find some comfort in the fact that India and Pakistan have done far worse in fiscal management. Pakistan, which uses the same budgetary classification as ours, used to have a substantial revenue surplus in the 1980s but has now a deficit revenue budget. India also has had an increasing deficit in the revenue budget, and the annual budgetary provision there for domestic debt servicing accounts

for about 40 per cent of revenue earnings (compared to 13 per cent in our revised budget of this year). But, we must also remember that, among countries with a population of 20 million and above, India and Pakistan are among the top four (along with Nigeria and Brazil) to have the largest fiscal deficits (as a proportion of GDP) during the last one decade. Each economy, of course, has its relative areas of strength and weakness. If we are to follow examples, we should follow those of East Asian countries where public saving generated by the budget has played an important role in increasing the overall rates of domestic saving.

How have we fared in terms of economic growth performance? This cannot be known for certain until the new series of official national income estimates is further improved over the next 2-3 years. (For example, since the base year of 1998, the introduction of satellite imagery as an additional source of information for estimating rice crop area has created a problem of inconsistency in the time-series of annual rice output. I mention this only out of research interest and not to create further controversies in the political debate over growth rates, which regrettably I find rather of an uninformed nature.) What can be said generally is that the economy, in spite of some acceleration in

growth in the 1990s, seems to have been limping on one leg (as aptly described by Binayek Sen), the industrial sector showed some dynamism in the first half of the nineties, while agricultural growth got a boost in the later half. Overall growth performance will not improve further unless we learn to walk on both legs. Incidentally, one reason why the government has found it difficult in recent years from keeping the revenue/GDP ratio from falling is that agricultural growth does not directly contribute to revenue earnings, but a higher volume of trade and manufacturing production does.

Although a development strategy for the future has not been outlined in the Finance Minister's budget speech, one can see that at least some ingredients of such a strategy are implicit in some of the measures he has proposed: creating a special equity fund for IT and agroprocessing industries and inducing the NCBs to lower the interest rate for term-lending in priority sectors. Given the very high prevailing lending rates of interest resulting from financial liberalisation, I am inclined to support such proactive policies, provided their implementation can be insulated from patronage politics.

So far access to credit is concerned, there is still an important missing element in this strategy. While we have had remarkable success in expanding

the coverage of microcredit programmes, we need to develop small enterprises outside the realm of microcredit, if we are to make real inroads into overall economic growth and poverty alleviation. Donors are willing to commit funds for this purpose, but there is a lack of credible institutions to handle such funds.

I shall end by making a brief comment on the state of the stock market, which needs to be reinvigorated, if it has to serve as a source for raising investment funds. Some measures have been proposed in the budget to revive the stock market and the Finance Minister's concern for this needs to be appreciated, but I do not think these measures will have much effect. In particular, there is little economic justification for allowing income tax rebate by treating as investment the purchase of stocks in the secondary market, since this represents only transfer of funds, not additional saving for the economy. Instead of such measures to artificially boost demand in the stock market, what we need is institutional reform towards better regulation and improved corporate governance, so as to restore public confidence in the market. But this is only one of the many areas where institutional reforms will be needed for a better functioning market economy. Therein lies the future challenge.

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Iraq warns OPEC against US price trap

BAGHDAD, June 17: An official Iraqi newspaper today warned fellow OPEC member states against falling into the American "trap" of hiking production to lower world oil prices, reports AFP.

"The prices game played by the United States and its allies is very clear and known," charged Ath-Thawra, mouthpiece of the ruling Baath party.

"Iraq sees no justification for an OPEC production hike" during the 11-member cartel's next meeting in Vienna on June 21, it added.

The paper urged OPEC members "not to fall into the same trap as last March when it upped production under American pressure."

Ath-Thawra also accused US Energy Secretary Bill Richardson of having stated "with no objectivity that oil prices are high because of a fall in world supply."

"The US administration is trying to provoke an increase in prices a couple of weeks before the OPEC meeting" to push for the cartel to lower production, the daily said.

Oil Minister Amer Rashid warned last week that Baghdad will oppose any decision to raise oil production at the meeting.

Rashid said pressure from Washington on OPEC members to lower prices by increasing output "serves its own political interests to the detriment of those of countries in the cartel."

Iraq is an OPEC member but exempted from production quotas because of the embargo in force since its 1990 invasion of Kuwait. It is authorised to export crude under UN supervision to finance imports of essential goods.

Ath-Thawra also accused the International Energy Agency (IEA) of having "knowingly provided false figures to exert psychological pressure on oil producers so they increase production."

The IEA monthly oil report said demand in the three months to the end of June is expected to average 74.4 million barrels a day, 650,000 barrels a day less than forecast last month "primarily due to a demand slowdown caused by higher prices."

Beximco Infusions declares 15 pc dividend

Beximco Infusions Limited has declared 15 per cent dividend for its shareholders for the year 1999.

The dividend was announced at the 10th annual general meeting of the company held in the city on Saturday with its chairman A S F Rahman presiding, says a press release.

The company earned a gross and net profit of Tk 117.94 million and Tk 50.08 million respectively during the year.

The shareholders were highly-satisfied with the company's growth both in terms of turnover and profit. A large number of shareholders attended the meeting.

Salman F Rahman Vice Chairman and directors Iqbal Ahmed, M A Qasem and C H Rahman were also present in the meeting.

Beximco Denims gives 10 pc dividend

Meanwhile, Beximco Denims Limited has declared a 10 per cent dividend for its shareholders for the year 1999 at its 6th annual general meeting held in the city on Saturday, says a press release.

During the year the company earned a gross and net profit of Tk 201.45 million and Tk 92.67 million respectively.

Protest staged in US against 2 huge Thai dams

WASHINGTON, June 17: Protesters marched from Thailand's embassy in Washington to the headquarters of the World Bank on Wednesday in support of Thai fishermen who claim their livelihoods have been wrecked by two huge dams, reports AFP.

Some 30 demonstrators handed letters of protest to the Thai ambassador before marching through the streets on downtown Washington with a message for World Bank President James Wolfensohn.

Villagers seized the Pak Mun dam and the Rasi Salai dam in northeastern Thailand last month, calling on the authorities to open flood gates and offer compensation for what they claim are dwindling fish stocks.

The Thai government cites environmental studies which say the dams have had no impact on the fish population. It says families displaced by the Pak Mun dam, completed with the help of World Bank finance in 1994, "received exceedingly generous compensation."

US job market cools off

WASHINGTON, June 17: The red-hot US job market simmered down in May as unemployment rose and private-sector hiring stalled, the government said yesterday in a report which eased the threat of higher interest rates and thrilled Wall Street, says Reuters.

The unemployment rate hit 4.1 per cent, up from its 30-year low of 3.9 per cent, the Labour Department reported.

The number of non-farm workers on US payrolls increased by 231,000 but that was solely because of federal hiring for Census 2000, a once-a-decade count of the US population. Private payrolls actually fell by 116,000.

"This confirms that the economy is throttling back from its very robust growth of the past year," said Mark Zandi, chief economist at Regional Financial Associates in West Chester, Pa.

Federal Reserve officials can feel comfortable that their efforts to slow the economy are bearing fruit," he added.

Weekly ReadyCash Prize Winners

Thayne Whipple, Director, American International Bangladesh Ltd (ReadyCash), announced amidst loud applause and the slogan "Jhotpot Nirapod (Fast and Secure)", the names of ReadyCash cardholders who won prizes as part of the ongoing ReadyCash Prize Campaign at Dhanmondi in the city yesterday, says a press release.

ReadyCash executives and existing and potential cardholders were present on the occasion.

Prize	Winner	Card Number
Konica film	M. M. Shakir	4035
Hertz Rent-a-Car	Rabaka Sultana	4031
Lunch at Asparagus Restaurant	Robiul Islam Sagar	4020
IMART gift box	Md. Abdur Rajib	4033

Apart from the weekly prizes, special prizes for the month of June include a six-month course offered by Apteck computer education and a free camera from Konica. Additionally, weekly and monthly prizes will be given away to those cardholders, who have been using their cards for shopping or paying Titas Gas bills.

The weekly prizes will include a 15-piece tea set from Bengal Fine Ceramic, Free shipment through FedEx, Free gift box from Stop N' Shop and Lunch for two at Meal in the Box.

The special monthly prize will be a Canon BJC-265 SP printer offered by IMART, IDB Bhaban. A special announcement was also made that Proshika Net customers can now pay their bills with ReadyCash.

ReadyCash encourages its cardholders to read The Daily Star every week for a new list of prizes and listen Radio Metrowave every Saturday at 2.30 pm for the special "ReadyCash News (ReadyCash Sangbad) prize programme."

IFC seeks to encourage wider social sector role

WASHINGTON, June 17: Helping to fund private schools and private hospitals should be part of the mission of global lenders as they seek to boost development around the world, the head of the World Bank's private sector wing said, reports Reuters.

Peter Woicke, a former investment banker who now heads the World Bank's International Finance Corporation, said in a recent interview that he wanted the IFC to encourage a bigger private sector role in social sector projects like health and education — both traditionally viewed as the state's domain.

"I come from the private sector, I run private sector development and I am passionate about private sector development," Woicke said. "I passionately believe that the private sector can do a lot of the things that governments have done so

far much more efficiently and much better."

But Woicke admitted the idea that public institutions like the IFC should back private social services like health and education was controversial, especially among the rich countries who make up the bulk of the IFC's voting power.

Even in a free-market bastion like the United States, for example the idea of a voucher system as an alternative to state education is highly controversial.

"The debate is very fascinating," Woicke said. "It is more the developing countries that want it. The G7 and some other countries question whether there is a role for a public institution like the IFC in private education, which might be seen as creating an elite. Is there a role to foster a middle class or should we concentrate just on the poor?"

The IFC was set up in 1956 to help channel private investment into developing countries and it currently has 174 member states.

Financial sectors made up 36 per cent of its new investment projects last year. Infrastructure, oil, gas and mining investments accounted for 30 per cent. The controversial social sector projects made up just four per cent.

The existence of two separate institutions providing advice and investment help to developing countries inevitably led to overlap and contradictory advice, prompting a rethink of responsibilities earlier this year.

New "strategic responsibilities" for the two lenders have created joint groups on oil, gas and mining, technology and telecommunications, and advisory services.

Commodity: Weekly Roundup

Oil nears 9-year high, but dips again on supply fears

LONDON, June 17: Crude oil prices rose close to the nine-year highs of early this year before slipping back on prospects of an OPEC supply increase, reports AFP.

Brent North Sea crude on the International Petroleum Exchange (for August delivery) was trading at 28.61 dollars a barrel late Friday compared with 29.03 dollars for the July contract.

In New York, light sweet crude for July delivery closed at 32.69 dollars a barrel late Thursday compared with 29.78 dollars a week ago.

Uncertainties about the world supply situations saw prices climb earlier in the week above the 31 and 33 dollars

barrel in London and New York respectively, levels barely lower than the nine-year highs of around 32 and 34 dollars a barrel of early March.

Increasingly, analysts forecast OPEC will agree at its conference in Vienna on June 21 to increase output by at least 500,000 barrels a day.

But they have stressed the situation remains uncertain and, in common with OPEC officials, they have pointed out that recent price rises have more to do with petrol (US gasoline) supply problems in the United States rather than the overall supply situation.

Rubber: Bouncing Rubber prices drew strength on forecasts of bad weather in southeast Asia, before losing some of

their gains following the publication of Japanese stock figures showing that supply remains strong.

In Kuala Lumpur, the RSS1 index rose to 2.66 ringgit per kilo from 2.61 ringgit over the course of the week.

In London, prices for the July contract rose to 507.5 pounds a tonne from 492.5 pounds a tonne.

Cocoa: Warm Cocoa prices rose slightly amid thin trading volumes as dealers continued to await information on the forthcoming harvest in the Ivory Coast, the world's leading producer country.

In London, September contracts rose to 656 pounds a tonne from 648 pounds.

Coffee: Cool Coffee prices in London and New York fell on technical factors.

In London, Robusta prices fell to 903 dollars a tonne from 947 dollars. Prices are now back close to eight-year lows.

In New York, Arabica (for September delivery) fell to 91.35 cents a pound from 95.85 cents.

Dealers continued to scrutinise weather reports in Brazil the world's leading producer-country, amid renewed fears of frost damage there.

Dealers were still waiting to see what action Brazil and other producer countries would take in the face of such low prices.

Member countries of the As-

sociation of Coffee Producing Countries and observer countries Mexico, Guatemala, Nicaragua, Vietnam and Honduras agreed last month to the plan under which they would hold back up to 20 per cent of exports in a bid to keep prices above an average of 95 cents per pound.

Tea: Blend. High quality BPI (Broken Pekoe) leaves rose by up to 15 cents a pound, while PDust leaves, used in tea bags, fell by up to eight cents.

Sugar: Shining. Sugar prices continued their ascent to their highest levels for 18 months as fears mounted that Brazilian exports could be depleted by drought.

In London, October contracts

rose to 235.2 dollars a tonne over the course of the week from 230 dollars at the end of last week.

In New York, white sugar for July delivery rose to 8.52 cents a pound from 8.52 cents a week ago.

According to producers, drought in Brazilian production regions could cause a 30 per cent reduction in sugar production.

Vegetable Oils: Shipping US soy prices fell as forecasters predicted ideal weather conditions in the US Midwest.

On the Chicago Board of Trade (CBOT) a bushel of soy for July slipped to 5.10 dollars from 5.22 dollars at the end of last week.



Arjun Goswami, Counsel of the Asian Development Bank, called on M A Mumin, Acting President of the Federation of Bangladesh Chambers of Commerce & Industry (FBCCI), at the Federation office yesterday. They discussed matters relating to legal framework on secured credit.

—FBCCI photo