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10MW power station opens at Kutumbpur

COMILLA, June 18: Foreign Minister Abdus Samad Azad inaugurated a 10-Megawatt power station under Comilla Palli Bidduyut Samity-1 at Kutumbpur in Chandina on Saturday, reports BSS.

United Summit Power, a local company, has constructed the station on build-own-operate basis.

The station is expected to generate electricity from December and power will be supplied to the subscribers through sub-station of Comilla Palli Bidduyut Samity-1.

State Minister for Power, Energy and Mineral Resources Prof Rafiqul Islam, local MP Prof Ali Ashraf, Whip of parliament Advocate Mujibul Huq, Faruk Khan MP, power secretary Arbinda Kar, acting chairman of Rural Electrification Board Abdus Samad and chairman of United Summit Power Company Muhammad Aziz Khan also spoke on the occasion.

Speaking on the occasion, Foreign Minister Abdus Samad Azad said work on two more power stations with 10 MW capacity under the Rural Electrification Board will start at Savar and Madhabdi in Narshingdi.

He expressed the hope that the two stations would go into production from December.

BB T-bill auction held

The 93rd auction of the 28-day, 91-day, 182-day 364-day, 2-year and 5-year treasury bills was held in the city yesterday, says UNB.

Tk 629.5 crore, Tk 55 crore, Tk 103 crore and Tk 11 crore were offered respectively for the 28-day, 182-day, 364-day and 2-year bills.

Of these, Tk 429.5 crore, Tk 25 crore, Tk 103.3 crore and Tk 11 crore of 28-day, 182-day, 364-day and 2-year bills were accepted respectively.

No bids were offered for the 91-day and 5-year bills.

Due to maturity of the bills, a total of Tk 694 crore will retire this week with the net amount of the issuing bills standing at Tk 125.5 crore, said a BB press release.

Police to question president of Indonesia over embezzlement

JAKARTA, June 18: The Indonesian police will question President Abdurrahman Wahid as a witness in a multi-million dollar embezzlement scam allegedly pulled off by his masseur, a report said today, reports AFP.

"The president will only be summoned (for questioning) when he has had enough rest," National Police Chief General Rusdiarjo (Eds: one name) was quoted as saying by the Suara Pembaruan evening daily.

Wahid, whom the police on Thursday cleared of any involvement in the scandal, is expected to return to Indonesia from a trip abroad on Wednesday.

Rusdiarjo said that three to four days would be enough for the president to rest before questioning.

"He is quite old. The law has to be upheld, but there are human aspects that should be considered too," Rusdiarjo said.

SIA organises cargo agents' tour

Singapore Airlines Dhaka organised a three-day 'educational tour' for its top cargo agents in Bangladesh recently, says a press release.

The aim of the tour was to educate the operational and sales staff of cargo agents and familiarise them with cargo handling facilities available at the state-of-the-art airfreight terminal 5 (Superhub) at Singapore.

The tour was led by Singapore Airlines staff Sheikh Idrish Ali, Sr Cargo Services Officer.

Eleven agents were invited to participate in the tour. Their eligibility was based on the agents' Swifttrader and Timerider sales performance during the period starting from December 99 to March 31 this year.

The overall sales performance during the financial year April '99-March 2000 was also another criteria for eligibility.

The agents who participated were Concord Express (BD) Ltd, Expeditors Bangladesh Ltd, Expolanka Bangladesh Ltd, Fritz Air Freight (Bangladesh) Ltd, Silkways Cargo Services Ltd, Total Transportation Ltd, Trade Clippers Cargo Ltd and Wings Air Cargo Ltd.

General Manager Bangladesh Paul Doral Raj and Station Manager Chew Yun Meng were present when the group left ZIA.

SEC slaps ICB plea to relax laws for 9th mutual fund

By M Shamsur Rahman

The Securities and Exchange Commission (SEC) has turned down an Investment Corporation of Bangladesh (ICB) proposal to relax the regulations for its proposed ninth mutual fund.

Seeking to raise Tk 10 crore from the capital market through a ninth mutual fund, the ICB has asked the capital market regulators to exempt it from fulfilling the requirement of having four parties — sponsors, asset management company, trustee and a custodian — to float and operate a mutual fund.

Recently, the SEC awarded registration to AIMS First Guaranteed Mutual Fund after

it complied with the regulations.

Opting to see its ninth mutual fund floated by mid-June, the ICB submitted a prospectus of the proposed fund to SEC on May 18, 2000.

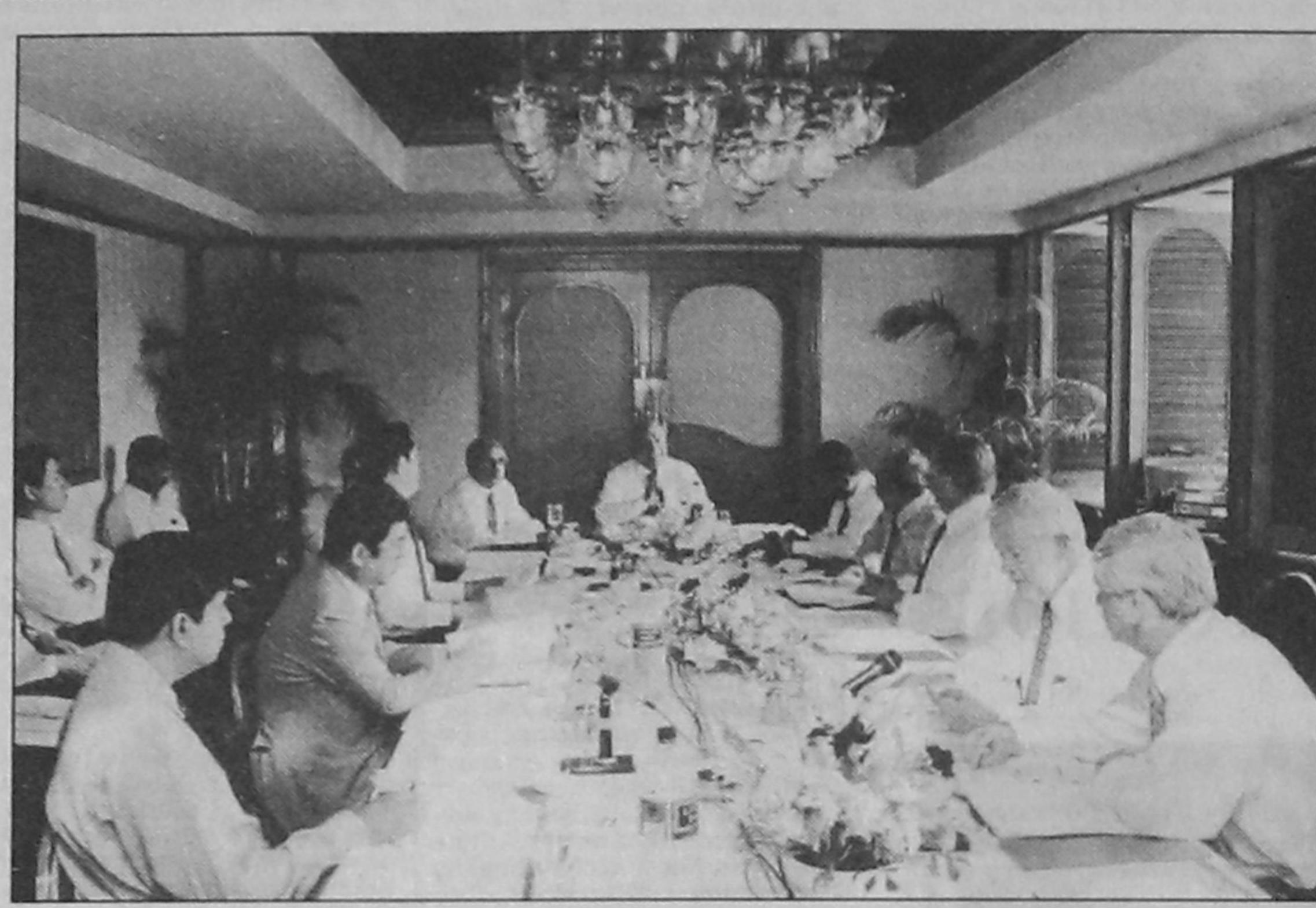
It said that half the amount of the total Tk 10 crore would be raised through pre-IPO placement, while Tk four crore would come directly from the market through public subscription. The Corporation has kept reserved the rest Tk one crore for non-resident Bangladeshis (NRBs).

The ICB said it has eight mutual funds worth Tk 17.50 crore in the market. Most of these funds are being traded above their face values.

It said that despite the prevailing capital market depression, ICB mutual funds have offered dividends ranging from 12 per cent to 100 per cent.

ICB sought exemption from the requirement of ensuring four parties to float and operate a mutual fund or allow it to perform the four functions all by itself.

The SEC later wrote to ICB saying that it did not have the authority to allow the latter to perform all the four functions on its own. It however said that ICB could be exempted from the requirement of registration of the four sides.



The 81st board meeting of KAFCO and the 42nd board meeting of KAFCO International Company Limited were held at Hotel Sonargaon on Wednesday and Thursday respectively. The meetings were presided over by Al-Ameen Chaudhury, Secretary-in-Charge of the Ministry of Industries and Chairman of the companies. — KAFCO photo

Pakistan aims to boost tax revenue by 24 per cent

ISLAMABAD, June 18: Pakistan's military-led government, which has launched a drive to broaden the tax base, said in its annual budget yesterday it expects to collect 24 per cent more taxes in the next fiscal year, reports Reuters.

Finance Minister Shaukat Aziz said the government's Central Board of Revenue would collect 435.7 billion rupees (S8.4 billion) in the year from July 1, up from 351.6 billion rupees in the present year.

Sales tax would account for the single largest increase in tax revenues. It would bring in 172 billion rupees — an extra 52 billion compared with the year just ending.

The move is being resisted by the powerful retailers lobby, which recently kept shops and markets closed for more than two weeks.

According to official figures foreign debt of \$38 billion and a domestic debt of about \$32 billion eat up seven per cent of Pakistan's gross domestic product.

Previous attempts by governments to document the economy have been thwarted by retailers. Pakistan's informal economy is considered to rival the \$60 billion formal one.

The International Monetary Fund has long demanded a revamp of the tax system and broadening of the tax base as critical to the modernisation of largely undocumented economy.

Last month, Musharraf introduced a survey to trace tax evaders and launched plans to register merchants for a general sales tax (GST) to bring about a tax culture in a country where only about one per cent of 140 million people pay taxes.

The government argues this would create scope for abuse and has vowed to press on with the reforms.

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Higher oil prices may hit Asian corporate earnings

HONG KONG, June 18: Oil prices may be nudging nine-year highs, but Asian energy sector assets have lagged the rally, ignored by investors who are focused instead on the risks soaring crude costs pose to the gradually recovering region, reports Reuters.

As a net importer of oil with a predominance of crude-consuming refining as opposed to producing firms, Asia's corporate earnings and its macroeconomic performance could be hit by higher crude prices, analysts say.

Investors are also wary of the impact higher oil prices

may have on US interest rates and the implications any hikes would have on Asia's ability to raise funds on the international capital markets for much-needed corporate restructuring.

Higher US interest rates would also hurt regional stocks markets, further dampening sentiment.

"We have certainly not seen any meaningful reallocation of funds into oil sector equities as a result of the oil price spike," James Brown, Asia-Pacific oil and gas analyst at Merrill Lynch, told Reuters.

"Of listed entities in the re-

gion, excluding Australasia, the overwhelming majority are refining and marketing companies. For them, higher crude oil prices are a negative," Brown said.

Crude prices have rocketed about 30 per cent so far this year and still hover within sight of March's nine-year high of \$34.37 per barrel at around \$32.50 in late Asian trade on Friday. July NYMEX ended at \$32.35 a barrel in Friday's New York trade.

With the latest rally fuelled by heavy US gasoline demand and the still bustling global economy, prices have stampeded to levels that may force the Organisation of Petroleum Exporting Countries (OPEC) to boost supplies and dampen prices.

Asian energy sector shares have performed woefully against this backdrop, even when you pull in the region's only two listed pure exploration and production companies.

Gulf Indonesia GRL N stock has gained about 10 per cent so far this year, but is still about five percent below its brief mid-January high.

Thailand's PTT Exploration and Production Plc PTTE, BK (PTTEP) is 26 per cent down from its January 18 high.

Merrill Lynch's Brown said both stocks were victims of the preoccupation with Asia's New Economy technology, media and telecoms (TMT) investment opportunities.

Victims were promised wages of up to 4,000 Singapore dollars (2,325 US dollars) a month.

Victims discovered the truth after arriving here and being taken to nightspots wearing provocative clothing.

Paradoxically, it has never been easier to invest.

Picture shows the cargo agents who participated in the three-day educational tour organised by the Singapore Airlines recently. — SIA photo

The Daily Star BUSINESS

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DHL Country Manager Desmond Quiah along with the members of the Human Resources Department are seen with the new employees of DHL Bangladesh at the recently-concluded induction programme. The fresh employees joined DHL Bangladesh team in its Customer Service, Information Technology, Ground Distribution (Couriers) and Finance Department.

— DHL photo

PM asks pvt entrepreneurs to create viable product market

Meeting with new DCCI office-bearers

Prime Minister Sheikh Hasina yesterday urged the private entrepreneurs to create a viable domestic market for their products and help increase buying capacity of the poor to build a robust economy, reports UNB.

She claimed that her government restored discipline in the banking sector and granted loan to genuine industrialists and entrepreneurs.

The prime minister said that despite natural calamities and man-made "disasters" like hartal, it has been possible to achieve 5.5 per cent GDP growth without causing inflation.

"This growth of GDP reflects discipline and transparency in the economic sector," she told the private sector entrepreneurs.

Hasina said problems like gas and power supply could be resolved to a great extent. Steps are underway to supply gas to the country's northern region.

Hasina urged the entrepreneurs to set up new power plants in the private sector. "We believe that the private sector could contribute towards strengthening the national economy."

She said a memorandum of understanding (MOU) would be signed shortly to set up marine cable for joining the information superhighway.

About the extension of tax holiday, Hasina said the number of taxpayers is very low, as many people, despite their capability, want to remain outside the tax net. She said the highest taxpayers would be given the VIP status.

Referring to existing rules relating to sick industries, she said steps are being taken to update the law so that specific industrial unit is declared sick without affecting allied concerns.

The prime minister urged the private entrepreneurs to come forward in setting up World Trade Centre in Dhaka.

About the proposed national budget, she said it was prepared in consultation with different segments of the society, making it an industry-friendly budget.

Hasina assured that the Board of Investment (BOI) would be made effective to increase investment in the country.

She admitted that one does not get gas and telephone lines usually through normal process unless he "gives something". She said it would take some time to overcome this situation.

The one-stop service was introduced at BOI to help investors and entrepreneurs get quick services, she said.

About the law and order situation, Hasina said her government is trying hard to improve the situation by taking stern actions against terrorists, toll collectors and snatchers.

Referring to the action taken against her party MPs or leaders, she said such action was never taken or even thought of during the past regimes.

Hasina said if any legal action is taken against offenders belonging to the opposition, clouring starts that it is political harassment.

She said law would take its own course and none should try to protect offenders by giving political colour.

Vietnam rulers under donors' pressure to speed up reform

HANOI, June 18: Vietnam's communist rulers will come under fresh pressure this week to speed up reform to unleash the country's enormous pent-up economic potential, says Reuters.

Foreign and domestic investors are expected to vent frustrations at a private-sector forum in Ho Chi Minh City on Wednesday and donor countries and institutions will subject government reform efforts to a mid-year review in Dalat from Thursday.

Diplomats and development officials say Vietnam's report card looks distinctly mixed.

There has been significant progress, including soaring exports, rising industrial production, further poverty reduction and a slew of business-friendly legislation.

But other countries in the region have improved their investment environments faster, so compared with them Vietnam looks less attractive than three years ago, he told Reuters.

On Friday, US Trade Representative Charlene Barsky warned Vietnam its economy would be "left behind" unless it quickly completed a stalled pact to tear down trade barriers.

She said this was particularly true now China had moved forward in its commitments on market reform.

A trade pact with Washington would help overcome negative perceptions, Andrew Steer, the head of the World Bank mission in Hanoi who will chair next week's donors' meeting, told Reuters.

Another key morale booster for the private sector would be if agreement could finally be reached in negotiations with foreign firms on major oil and power deals.

Development experts believe the government is committed to reform of its business and trade policy and financial system.

But analysts say its decision-making process appears hamstrung by internal political considerations, particularly the Ninth Congress of the ruling Communist Party due next March.

Held every five years, Congresses are the supreme events in a communist system like Vietnam's, setting the political and economic agenda for the ensuing half decade.

"I don't think it's a matter of big ideological obstacles," said a foreign analyst. "It's just the risks are very great right now for those who sign deals if anything goes wrong."

Given such concerns, diplomats fear decision-makers may content themselves with currently modest growth rates and point to steadily improving living standards rather than opt for dramatic steps. That's the worry, that they'll fall back on that and do nothing," said one senior envoy.

Bertelsmeier plans to establish a stock market in Ho Chi Minh City next month — with a full trading test due to take place on Monday — were definitely positive.

But he said Vietnam needed to pursue further reform of a bad-debt laden financial system to create public confidence and mobilise resources for investment.

In Vietnam you hear people talking about mattress money — money they are not putting in banks. A more open financial system that helps mobilise such resources in critical

