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The Daily Star BUSINESS

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Chronic fiscal deficit threatens Indian economy

NEW DELHI, July 4: The political will behind economic reform in India is paying off, but a lack of will to tackle chronic fiscal indiscipline could derail one of the world's fastest growing economies, says Reuters.

Coalition politics, the power of labour unions and regional rivalries have all combined to ensure that an economy going from strength to strength remains critically flawed by a burgeoning fiscal deficit.

An International Monetary Fund report last week was full of praise for the conduct of a monetary and exchange rate policy, which steered India through the Asian financial crisis without too many problems.

But it was unflinching in its criticism of the failure to tackle an overall fiscal deficit which rose to 11.1 per cent of GDP in 1999/2000 (April-March) from 8.25 per cent in 1995/96.

That total combines the deficits of the central and state governments, along with the losses of public sector firms and money owed to oil companies for selling at subsidised prices.

Decision-making has been difficult in a disparate coalition of some two dozen parties which includes the Hindu nationalist Bharatiya Janata Party, socialist centrist and regional parties.

Last month, Communications Minister Ram Vilas Paswan offered free telephone connections and a quota of free calls to thousands of employees of the Department of Telecoms even as his colleague Finance Minister Yashwant Sinha struggled to contain spending.

Sinha had earlier come under pressure from coalition members to reverse cuts in food and fertiliser subsidies.

While everyone busily protects their turf, India is sliding closer and closer to an internal debt trap, whereby it will need to borrow just to pay interest payments, and that could tempt the government to print money, fuelling inflation.

Delta Life holds annual confce

The 13th annual general conference of Individual Life Insurance Co Ltd was held at the Notre Dame College Auditorium in the city on Saturday, says a press release.

Dr Syed Mukarram Ali, chairman of the Board of Directors, was the chief guest while Das Deba Prashad, Managing Director (current charge), presided over the conference.

The inaugural session was also addressed by MA Shafi Mazumder Senior Vice President (Dev), Kazi Abdul Halim, Senior Vice President (Service, Claims & PR) and Vice Presidents Nurul Nabi Chowdhury, Md Anisur Rahman and Md Abdul Wadud Khan.

About 300 marketing personnel attended the meeting. Strategic plan for extensive marketing of Health Insurance policy under Deltacare Hospitalisation plan was also discussed in the conference. The chief guest urged upon the officials present to exert best efforts to achieve the target of the current year.

The conference was informed that though there was a general depression in life insurance industry of the country during 1999, the premium income of the company's IL portfolio marked an increase of Tk 1.63 crore which was Tk 55.29 crore in 1999 as against Tk 53.66 crore of 1998.

Life Fund of the company increased to Tk 206.28 from Tk 149.28 crore of 1998 while the total assets rose to Tk 253.80 crore from Tk 197.31 crore of the previous year.

Marhaba Lounge opens at Dubai Int'l Airport

A new Marhaba Lounge in the Sheikh Rashid Concourse at Dubai International Airport has been opened, says a press release.

Chairman of Dnata Sheikh Ahmed Bin Saeed Al Maktoum has inaugurated the lounge.

The new lounge is open 24 hours a day and can be used by all passengers regardless of airline or class of travel. In complete contrast to standard airport lounges, it recreates the look and feel of traditional Arabia within the new, 21st century concourse.

Opening the lounge, Sheikh Ahmed said: "I am delighted to open a facility that I believe will be valued by everyone but especially by transit passenger who now have an opportunity to experience the unique ambience of this region during their stay at the airport."

The lounge is located at the east end of the concourse on the departures level. The arched entrance doors open to soft light, a pastel coloured tapestry, and fountain flanked by green plants. Beyond the four separate areas: a malls seating area, a formal seating area, a small business centre, and a food court. All combine rich furnishings with functionality, elegance with warmth and friendliness.

New budgetary measure yields results PRAN slashes product prices

Star Business Report

Agricultural Marketing Co Ltd (PRAN) has decided to slash prices of its two top-selling products by 20 and 40 per cent following the reduction of import duty on packaging materials in the current budget.

"From July 15, Our top-selling Tetra Juice and Orange Drink will be available at Tk 12 and Tk 6 instead of the previous prices of Tk 15 and Tk 10 respectively," said Md Afaz Uddin, General Manager of the company, at a press conference held at the National Press Club in the city yesterday.

"We hope a wide range of customers will now be able to buy PRAN products at the lower prices," he felt.

Presently, PRAN produces fruit juice, jam, jelly, sauce, ketchup, chips and some other items and has emerged as the largest agro-processing company of the country.

The company is also export-

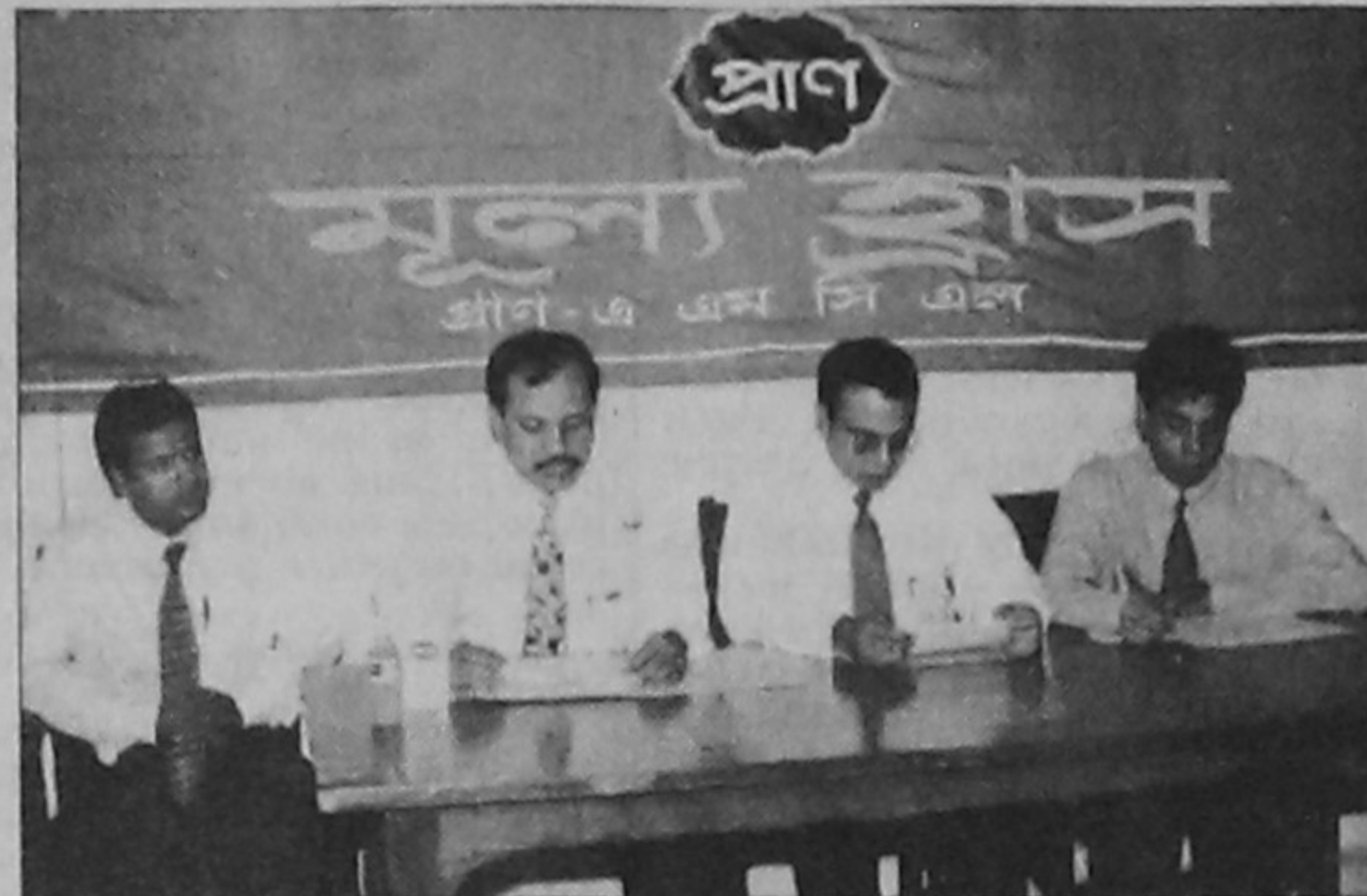
ing its products. "We have recently obtained ISO 9001 certificate because of our quality and management systems," Afaz Uddin said.

He said further cuts in prices will be possible if the government allows import of sugar by the private sector, he stated.

At present, the government doesn't allow sugar import by the private sector.

"We have to buy sugar from Bangladesh Sugar and Food Industries Corporation for around Tk 30 per kg while it sells at Tk 13 per kg in the international market. This makes our production cost high and we are facing uneven competition in the export market."

If the private sector is allowed to import sugar through bonded warehouse facility, PRAN will be able to increase its exports substantially, Afaz Uddin said. "The ultimate beneficiaries will be the consumers."



Picture shows (from left) Public Relations Officer of Pran Group Sanjib Chatterjee, General Manager — Sales of Pran Md Afaz Uddin, Executive Director of Pran Eleas Mridha, Senior Marketing Manager of Pran Group Kamruzzaman Kamal at a press conference held in the city yesterday. — PRAN photo

US foreign aid likely to fall further next year

Bills making their way through Congress

WASHINGTON, July 4: Already at a 50-year low, US foreign aid stands to fall even further next year if bills currently making their way through Congress are enacted into law, says IPS.

As in the past, much of the decline will hit the world's poorest countries hardest proposals by President Bill Clinton to fund substantial debt reduction for the world's poorest and most heavily indebted countries have been rebuffed, while contributions to multilateral agencies which provide concessional loans and grants are also being cut.

In addition, the Republican-led Congress appears determined to limit US contributions to United Nations Peacekeeping Operations (PKOs), by withholding money for specific PKOs, almost all of them in sub-Saharan Africa.

"This looks to be another truly dismal year on the foreign

aid front," sighed one Congressional aide who noted that total US foreign aid per capita has been the lowest among all western industrialised countries for several years now.

US foreign aid is largely provided through two separate pieces of legislation: a Foreign Operations bill which covers most traditional aid programmes, and another bill which covers the State Department budget and assessments to the United Nations and its PKOs.

The picture so far appears pretty clear, however. Congress is likely to approve no more than 13.4 billion dollars for the 2001 Foreign Operations bill, about 1.7 billion dollars less than the amount requested by the Clinton administration, or some two per cent below current aid levels.

That calculation does not include some 1.3 billion dollars in supplemental 2000 funding in military and anti-drug aid

for Colombia and its Andean neighbours which will be sent to Clinton for signature.

Senior administration officials have already suggested that Clinton will veto the 2001 foreign aid bill if certain accounts, notably debt reduction for the poorest countries, are not increased. Such a deadlock has worked well for Clinton in the past two years when he successfully negotiated major increases in aid from the tight-fisted Republican leadership just before the annual adjournment.

Last year, for example, he wrestled some 2.6 billion dollars more in foreign aid including some 1.8 billion dollars to support the Wye river peace accord between Israel and the Palestinian Authority (PA) than Congress had initially approved. "His powers of persuasion should not be underestimated," said one State Department official.

South Korean bank employees go on strike next week

SEOUL, July 4: Tens of thousands of bank employees will go on strike next week to protest government plans to consolidate national banks, union leaders said Tuesday, reports AP.

Speaking at a news conference, union leader Lee Yong-duk said 60,000 to 70,000 workers at banks and other financial institutions will strike indefinitely starting next Tuesday.

Unionised bank workers on Monday voted on the strike proposal by Lee's Korea Financial Industrial Union, an umbrella group of bank labour unions.

The result of the vote was expected late Tuesday, but union leaders were confident that 80 per cent to 90 per cent of workers have voted in favour of going on strike, union spokesman Kim Deuk-yun said.

Workers at 17 of the nation's 24 banks and related financial institutions, including most leading commercial banks and some state run banks, will participate in the strike, union leaders said.

IMF, Moscow to talk resumption of loan next week

MOSCOW, July 4: An International Monetary Fund mission will arrive in Moscow next week to discuss resumption of stalled lending and Russia's economic programme for 2000 and 2001, a Finance Ministry official said today, reports Reuters.

The Fund has been waiting for President Vladimir Putin's government to finish its economic strategy, and the cabinet approved the plan last week. The government says it can get by without Fund support this year, thanks to the booming economy, but IMF approval will make talks with other creditors easier.

"They will discuss a joint statement of the government and the central bank on economic policy," Anton Silanov, head of the ministry's macroeconomics department told Reuters.

In addition, they will discuss disbursement of loans within a framework of this programme.

He gave no time frame for new lending and said it was too early to say when the joint statement would be ready and presented to the IMF board.

Riyadh agrees to up oil output by 500,000 bpd on US pressure

Bid to push prices down to \$25 a barrel

LONDON, July 4: Saudi Arabia's latest hasty attempt to rein in oil prices follows heavy pressure from Washington and reflects Riyadh's concern that expensive oil is starting to damage demand for its precious commodity, says Reuters.

The surprise Saudi statement that it would raise oil production if prices do not fall within days comes just 10 days after an OPEC pact raising output a second time this year. It may ruin a hard-earned consensus among the Organisation of the Petroleum Exporting Countries on managing the world oil market.

With crude prices still cruising at more than \$30 a barrel, Saudi Arabia has decided to waste no time in topping up extra supply to the volume that the United States was looking for from OPEC's recent gathering.

Saudi Oil Minister Ali al-Naimi revealed that Riyadh was

preparing to lead the new output increase in a bid to push prices down to \$25.

"If the price does not decrease, Saudi Arabia, in conjunction with other producers, will increase production by 500,000 barrels per day (bpd) within the next few days," Naimi said in an interview with the official Saudi Press Agency.

An OPEC delegate said that if others were not willing or able to join the Saudi effort, Riyadh would move unilaterally.

Washington, Saudi share interests

Washington, in an election year, has made no secret of its wish for lower oil import costs to bring down the retail price of gasoline.

It pushed OPEC into raising production by 1.7 million bpd in March and was hoping for more than the extra 708,000 bpd the cartel decided to pump at its June 21 meeting in Vienna.

Others in OPEC in the dark

Others in OPEC said they had not heard of the Saudi move.

OPEC's Venezuelan president Ali Rodriguez told reporters in Caracas: "I do not have news about this, so I could not make a comment." Officials in Iran, Qatar and the United Arab Emirates said they had no knowledge of the Saudi move.

Asian market reels

The Asian oil market reeled today after leading producer Saudi Arabia sought to rein in prices by vowing to boost production, but oil analysts cheered.

International futures markets were closed because of the US Independence Day holiday, but the Saudi news sent Asian benchmark crude Dubai swap prices tumbling by \$1.60.



Swarup Kumar Gupta, Additional Member (Traffic) of Indian Railway Board, and NM Khurshid Anwar, Additional Director General of Bangladesh Railway, sign a working agreement at the Rail Bhavan conference room in the city yesterday to re-introduce interchange of goods train between India and Bangladesh through Benapole-Petrapole rail route.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies.

Currency	Selling TT & OD	Selling B/C	Buying T/T Clean	Buying CD Sight Export Bill	Buying OD Transfer
US Dollar	51.2500	51.2800	50.8500	50.6970	50.6250
Pound Stg	77.8488	77.6943	76.6818	76.4511	76.3425
Deuts mark	25.2289	25.2437	24.2390	24.1661	24.1316
Swiss Franc	31.4765	31.4949	30.8369	30.7441	30.7004
Japanese Yen	0.4847	0.4850	0.4762	0.4748	0.4741
Dutch Guilder	22.3911	22.4042	21.5126	21.4478	21.4174
Danish Krona	6.5517	6.5555	6.4149	6.3966	6.3865
Australian \$	31.2010	31.2193	29.9151	29.8250	29.7827
Belgian Franc	1.2232	1.2239	1.1752	1.1717	1.1700
Canadian \$	34.9591	34.9795	33.9679	33.8657	33.8176
French Franc	7.5224	7.5268	7.2272	7.2056	7.1952
Hong Kong \$	6.5870	6.5908	6.596	6.4900	6.4808
Italian Lira	0.0255	0.0255	0.0245	0.0244	0.0244
Singapore \$	29.9270	29.9445	28.9991	28.9119	28.8708
Euro	49.3435	49.3724	47.4075	47.2648	47.1977
Saudi Riyal	13.7014	13.7094	13.5211	13.4604	13.4612

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7512	50.4263	50.0025	49.5788	49.1550	48.3075

London Interbank Offered Rate (LIBOR)

Buying (\$)	Selling (\$)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
50.6250	51.2500	USD	6.63000	6.75000	6.96125	7.04000	7.12750
76.3425	77.8488	GBP	6.06219	6.20734	6.32625	6.42438	6.50250
Cash/TC	Cash/TC	EURO	4.41188	4.54125	4.78000	4.90000	5.03875

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
4.665/4.672	52.295/52.30	39.30/39.35	3.7995/3.805	8955/8965	1115.2/1115.3

Economists see another half-yr of fast growth in Asia

TOKYO, July 4: US growth seems to be slowing and interest rates in Japan appear set to rise, but Asia's economies can look forward to plain sailing for the rest of the year, says Reuters.

Booming exports, driven by undervalued currencies and a powerful global electronics cycle, strengthening domestic demand and a steady expansion in China all point to another half-year of fast growth for most of Asia, economists said today.

And some say there could be much more to come.

"The five-year outlook for Asian economies, based on high savings and investment rates, and increasingly efficient use of capital and labour, is for sustained economic growth at nearly the rates averaged during the miracle years of 1960-95," William Overholt wrote in Nomura International's third-quarter economic outlook.

With Asia still in the early stages of recovery from its debilitating 1997-98 currency crisis, Overholt said fears expressed in some quarters of a

"double-dip recession" induced by a hard landing in the United States were wide of the mark.

"Asia is not headed for exceptional weakness or for a double dip. Of course, it will eventually revert to something closer to trend, but trend for Asia means the fastest growth in the world," Hong Kong-based Overholt added.

Figures released so far this week bear out the optimism. — South Korean exports hit yet another record in June and were up 26.4 per cent in the first half of the year over a year earlier, with imports up 45.4 per cent.

— Malaysia's exports were up 19.2 per cent in the first five months, with imports nearly 30 per cent higher — testifying, like Korea's figures, to strong domestic demand.

Singapore's purchasing managers' index rebounded in June on the back of rising electronics orders and exports.

In a June 23 report, David Fernandez of JP Morgan in Singapore forecast that seasonally adjusted growth in non-Japan Asia would slow sharply

to an annual 3.3 per cent rate in the second quarter, from 10.1 per cent in the first three months of the year.

Fernandez, who expects a steady pace of six per cent

growth for the second half of the year, said Asia was at the sweet spot in the economic cycle. Growth is strong yet there is little sign of a build-up in domestic inflationary pressures.



বাংলাদেশ বনশিল্প উন্নয়ন কর্পোরেশন

৭৩, মতিঝিল বাণিজ্যিক এলাকা, ঢাকা

নিলামে রাবার বিক্রয়

অনুষ্ঠান স্থগিত

সংশ্লিষ্ট সকলের অবগতির জন্য জানানো যাইতেছে যে, অনিবার্য কারণ বশতঃ আগামী ০৬-০৭-২০০০, ২৬-০৭-২০০০ এবং ০৬-০৮-২০০০ইং তারিখ বেলা ১২.০০ ঘটিকায় বশিউক, রাবার বিভাগ, সিলেট জেলের মহা-ব্যবস্থাপকের দপ্তর, শ্রীমংগলে অনুষ্ঠিতব্য নিলাম অনুষ্ঠান স্থগিত ঘোষণা করা হইল।

ফিডকর: ০৫/২০০০-০০১

নুরুল ইসলাম

জিডি-৬৪২

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Re-Tender Notice

1. Subject	Cost of tender schedule (non-refundable)	Earnest money
Supply of personal computer	Tk. 1000.00 per set	2.5% of the quoted value
2. Place of selling, receiving & opening of tender:		
a) BGSL, Head Office, Chapapur, Comilla. b) BGSL, Sales Dept., 137/A, CDA Avenue, Sholashahar, Ctg. c) BGSL, Liaison Office, House No. 3, Road No. 2/A, Banani, Dhaka. d) BAPEx, HBFC Bhaban, 22 Purana Paltan, Dhaka. e) SGFL, Chiknagul, Haripur, Sylhet. f) GTCL, House No 1, Road No. 12, Sector No. 3, Uttara Model Town, Dhaka. g) RPGCL, BSEC Bhaban, 102 Kazi Nazrul Islam Avenue, Kawran Bazar C/A, Dhaka. h) BGFCL, Court Road, B'baria. i) JGTCL, Gas Bhaban, Mandibag, Sylhet. j) Petrobangla, Petrocentre, 3 Kawran Bazar C/A, Dhaka. k) TGT&D Co. Ltd., 105 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka.		
3. Time limit of selling tender documents	:	6-7-2000 to 20-7-2000.
4. Date & time of receiving tender	:	23-7-2000 up to 12-00 noon.
5. Date & time of opening tender	:	23-7-2000 at 12-10 pm.
BG-146/July '00 GD-641		