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# The Daily Star BUSINESS

DHAKA, THURSDAY, AUGUST 3, 2000

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## JS body discusses Handloom Board activities

The Parliamentary Standing Committee on Textile Ministry yesterday discussed in detail the overall activities of Bangladesh Handloom Board, especially the role of handloom industries in the national economy, existing problems of the sector and progress of the disbursement of handloom loans, reports BSS.

This was stated in a meeting of the committee held at the Jatiya Sangsad Bhaban with Committee Chairman Shamsur Rahman Sharif in the chair.

The meeting discussed the ECNEC-okayed Tk 50 crore small-scale loan programme for the weavers. Under the project, a total of 41,637 handlooms will be getting the loan till July 2003.

It advised the concerned authorities to introduce an easy loan distribution system by reforming the existing loan disbursement system.

The meeting discussed the steps taken by the government to resolve the problems in importing clothes by the European importers from Bangladesh because of SAARC cumulation rules adopted by the EU, following publication of news by the daily newspapers.

## BA made Qantas GSA in Bangladesh

British Airways (BA) has been named Qantas' General Sales Agent (GSA) in Bangladesh.

As GSA, British Airways will handle all sales, ticketing and telex sales activities on behalf of Qantas, says a Qantas press release.

Qantas and BA are global alliance partners. Over the last few years, the two airlines have taken initiatives towards working closely together and have successfully combined their operations like sales, ticketing and marketing in the Asian region including Singapore, Hong Kong, Malaysia, Thailand and Indonesia.

The main purpose of these initiatives is to combine the individual strengths of each airline and provide the highest standards of services to all customers across the entire Qantas and BA networks.

In Bangladesh too, Qantas and BA have been actively exploring opportunities for working together and have now decided to formalise this relationship.

To service passengers from important points like Dhaka, Qantas has tied up with international airlines, such as Biman to facilitate travelling to Singapore or Bangkok, and thereafter to 7 main gateway cities in Australia. Within the South Asian subcontinent, Qantas also offers daily direct flights from Mumbai to Singapore and Sydney, with convenient connections from Singapore to other important Asian destinations.

To better serve the customer, Qantas joined British Airways, American Airlines and Cathay Pacific to form the 'oneworld' alliance.

Established in 1920, Qantas is the world's second oldest airline and has a history of flight safety, customer service and on-time performance.

## DHL launches wireless access to its website

DHL Worldwide Express has achieved another key milestone in harnessing mobile communications to support customers, says a press release.

The world's leading international air express service launches updates of its pioneering WAP services. Through this, customers can access a slimmed down version of DHL's corporate website (<http://www.dhl.com>) from any WAP-enabled mobile phone or device.

In addition, DHL introduces an enhanced version of WAP-Track service that allows quicker, smoother access to shipment information.

WAP users can now enjoy the familiar and consistent DHL interface. Additionally, by reducing the amount of data sent to WAP devices, customers can enjoy quicker downloads and hence save money through reduced call lengths.

The highlights of the new features include:

**Service bulletin**—Service-related news headlines. The service bulletin keeps customers right up-to-date with developments affecting their shipments and can hence plan or compensate accordingly.

**Drop-off locator**—This exciting feature will be introduced soon. Customers can simply key in the postcode of their current location and within seconds the address of the nearest DHL office, together with directions on how to get there and a route map, will be sent to the user.

**Local-language support**—WAP-Track is now available in 21 different languages and enables customers to track a shipment in a familiar interface.

# Unemployed youths' savior bank dips in real trouble

96 new branches planned despite 26pc default loans

By Shahriar Karim

A bank launched at the personal interest of Prime Minister Sheikh Hasina to create job opportunities for the country's youth, now finds its balance sheet plummeting with over one fourth of its loans turning defaulted.

Just after two years of its birth, defaulted loans of the Karmasangsthan Bank have reached as high as 26 per cent.

But as the bank slips into financial crisis, the bank management is again taking initiatives to expand its activities with 96 new branches, the ministry sources said.

Against a target of Tk 1,59,44,113, the bank could realise only Tk 11,862,772 loans. Its default loan amount now stands at Tk 4,081,341. The bank disbursed about Tk

7.41 crore as loans in the last two years, according to banking sources.

The Finance Ministry now blames the Karmasangsthan Bank management for its dismal performance, as it thinks the management has failed to properly scrutinise the loan applications and ensure proper monitoring of the projects, sources in the ministry said.

But according to bank insiders, a chunk of the loans was given to ruling party men and these were never professionally processed.

The bank started its formal jaunt on September 22, 1998, with a Tk 100 crore special fund from the government.

Karmasangsthan Bank's Dhaka branch topped the de-

fault loan list with more than 40 per cent followed by Netrokona branch with 23 per cent. The Dhaka branch's defaulted loans stand at Tk 36,54,566 against the realisation target of Tk 9,177,648. The Netrokona branch could realise Tk 72,995 against a target of Tk 95,387. The bank's Dhaka branch disbursed Tk 1,60,57,627 loans.

However, 10 branches in Rajshahi, Faridpur, Tungipara, Comilla, Habiganj, Dinajpur, Chandpur, Jhenidah, Rangamati and Kushtia succeeded in fully meeting their respective loan realisation targets. Seven other branches in Chittagong, Khulna, Sylhet, Pabna, Rangpur, Bogra and Jessore could recover more than 90 per cent of

the target, bank sources said.

The bank has 32 branches in 31 district headquarters including the capital city and one at Tungipara Upazila in Gopalganj district.

According to sources, Karmasangsthan Bank has taken initiatives to open 96 more branches by December 2000, which has already been endorsed in principle by the Bangladesh Bank. Of these, 33 branches will open in the remaining 33 district headquarters while 63 more will be set up in 63 upazilas, bank sources said.

A proposal to employ officials for the new branches is now lying with the Finance Ministry for approval, ministry sources said.

# SEC drafts market-making system for bourses

Move aims at boosting good scrip trade

By M Shamsur Rahman

In a bid to increase the trading of scrips with good fundamentals, the Securities and Exchange Commission (SEC) has finalised a draft to introduce the market-making system in the stock exchanges.

The new system will make the market-makers simultaneously quote the buying and selling rates of each scrip. Market-making will be allowed only in specific shares and firms will have to get registration from SEC to act as market-makers by fulfilling certain conditions.

Under the proposed regulation, only stock dealers, merchant bankers, schedule banks and financial institutions will

be eligible to apply for the system.

A market-maker will have to begin business within 30 days of getting the registration and must have paid-up capital to be determined by the SEC from time to time.

Based on the paid-up capital, the SEC will determine the number of securities a market-maker will be allowed to trade in. The number of market-makers for a security will be determined by the stock exchanges and the Commission.

The firms will be obliged to offer two-way quotes on a continuous basis, which means that they will quote both the

buying and selling rates of scrips.

Under the proposed regulation, the spread between the buy and sell offers will be determined by the respective bourses with SEC's prior permission.

The firms will have an inventory of stocks approved by the regulators, which implies commitment of capital and exposure to market risks on the part of the traders.

Under the proposed draft, a market-maker will not be allowed to offer a new price for a scrip exceeding more than five per cent of its previous quotes. "New buy or sell prices can only be offered after having at least a

single trade."

If a security under the market-making system is not traded for 30 minutes at a stretch, the market-maker will be able to change prices in commensurate with the market. The newly-offered prices cannot be less than the market rates and more than the circuit breaker limit.

The share settlement will be done through the 'delivery versus payment' mode.

An SEC official said that before finalising it, the commission will distribute the draft regulation among the persons concerned for their comments.

# Job fears and tight purses hold back Japan economy

Finance minister tells parliament

TOKYO, Aug 2: Job fears and shoppers' tightly closed purses are still holding back Japan's sluggish economy, Finance Minister Kiichi Miyazawa told parliament today, says AFP.

Business confidence jumped to its highest point in nearly three years in the three months to June, according to the latest Bank of Japan Tankan survey released this month, he noted.

But private spending had failed to rebound.

"For private demand, capital investment is recovering more steadily than expected, as seen in the Tankan (survey of business confidence)," Miyazawa told the lower house of parliament.

"When it comes to employment and spending, they should

normally follow the trend of corporate activity but that does not appear to be easy in this case," he said.

The government was now focussed on April-June gross domestic product (GDP) growth data, due for release in early September, the 80-year-old finance minister said.

In the figures, "I hope for steady growth of not only capital investment but also spending and employment. But we cannot necessarily be optimistic," Miyazawa said.

Japan's chief economic planner echoed his caution. "Consumption has been sluggish. We have yet to see a drastic improvement," said Sakaiya, director-general of the Economic Planning Agency.

told parliament.

"We have yet to reach a stage where we can move forward without a policy push," Sakaiya said.

The Economic Planning agency chief called Tuesday for a further injection of state money to shift the world's second biggest economy into a self-sustaining recovery.

According to the latest data released in June, Japan's economy grew just 0.5 per cent in the year to March, with January-March GDP expanding a robust 2.4 per cent from the previous quarter.

Prime Minister Yoshiro Mori has set a 1.0 per cent growth target for the current fiscal year.



A S M Quasem, President, Bangladesh Employers' Federation, presides over its annual general meeting held in the city on Monday. Others seen in the picture (from left to right) are Zeaul Huq, former President, Laila Rahman Kabir, former President, Rokia A Rahman, former President, Masih Ul Karim, Vice-President, C K Hyder, Secretary-General, Latifur Rahman, former President, Tapan Chowdhury, Member of the Committee, and M A Awal, Member of the Committee of the Federation.

# EU studying US plan to reform export tax scheme

BRUSSELS, Aug 2: The European Union Commission is studying new US proposals to bring a multi-billion-dollar export tax programme into line with World Trade Organisation (WTO) rules, EU officials said yesterday, reports Reuters.

But the officials, speaking on condition of anonymity, said that the goals of the new scheme were similar to those of the old Foreign Sales Corporation (FSC) programme.

"We have a copy of the bill. We have received it not through official US channels so we have not received it for consultations from the other side," one EU official said.

"We haven't even been given a text by the US side this time. It makes you wonder whether they are interested in knowing what we think," another said.

US officials had not consulted them about the new proposals now making their way through Congress, the officials said.

The WTO, ruling earlier this year in a case filed by the EU, which provides tax breaks to exporters, was an illegal export

subsidy and gave the United States until October 1 to change it.

The EU's reaction to the new US proposals is crucial because if the United States does not comply by October 1, the EU could seek compensation or retaliate against Washington in a case where billions of dollars are at stake.

The European Commission, the EU's executive body, repeated on Tuesday it expected the United States to implement the WTO ruling.

"The EU is closely monitoring the evolution of this case and in particular how the US will implement the WTO ruling by 1 October 2000," it said in its annual "Report on United States Barriers to Trade and Investment".

The Clinton administration and congressional leaders last week unveiled a sweeping plan to overhaul the FSC scheme.

Approved overwhelmingly by the House Ways and Means Committee, the legislation would provide tax breaks totalling between \$4 billion and \$6 billion a year to big ex-

porters such as Boeing Co/BAN and Microsoft Corp and a wide range of other companies.

Deputy US Treasury Secretary Stuart Eizenstat said last week the new proposal was consistent with WTO rules. He urged the EU to accept Washington's approach, warning that a "major trade war" could break out if the stalemate continued.

The EU officials said they did not want to make a judgement yet as to whether they believed the new US proposals complied with world trade rules.

"The Commission services are now doing an in-depth analysis and in due time we will certainly convey our views, but we are not rushing to a conclusion," one said.

The Clinton administration has been searching for months for a way to replace the controversial FSC programme, which doled out tax breaks to exporters through subsidiaries in tax havens such as the Virgin Islands, Barbados or Guam.

Eizenstat came to Brussels in May to present an earlier proposal to reform the FSC, but it was rejected by the EU.

One EU official said the new proposal was presented in a different way to the May proposal, but he noted that it still exempted from US taxation part of a company's foreign-sourced income.

He said a US press statement had even noted that the overriding objective of the bill was to give the same kind of benefits to the same beneficiaries as under the FSC scheme.

## Indonesia's exports hit record high

JAKARTA, Aug 2: The value of Indonesian exports in June, boosted by higher oil prices, reached a record high of 5.29 billion dollars, the Jakarta Post daily said today citing figures from the Central Bureau of Statistics (BPS), reports AFP.

Indonesia's exports in June 2000 hit a record high of 5.29 billion dollars and for the first time surpassed 5.0 billion dollars, the daily quoted BPS chief Sudarti Subakti as saying.

## Weekly Ctg Tea Sale Market witnesses active buyer participation

CHITTAGONG, Aug 2: The tea sale held here yesterday witnessed active participation by the Afghan buyers, particularly for neater small broken and fannings, reports UNB.

There was also fair interest from Pakistan along with good support from internal buyers, including blenders.

Russia, Poland and the CIS were absent once again, causing withdrawals of large and bold broken.

**CTC Leaf:** 9,162 chests, 9,301 g/s, 80 p/s and 160 chests of old season on offer met with a good demand.

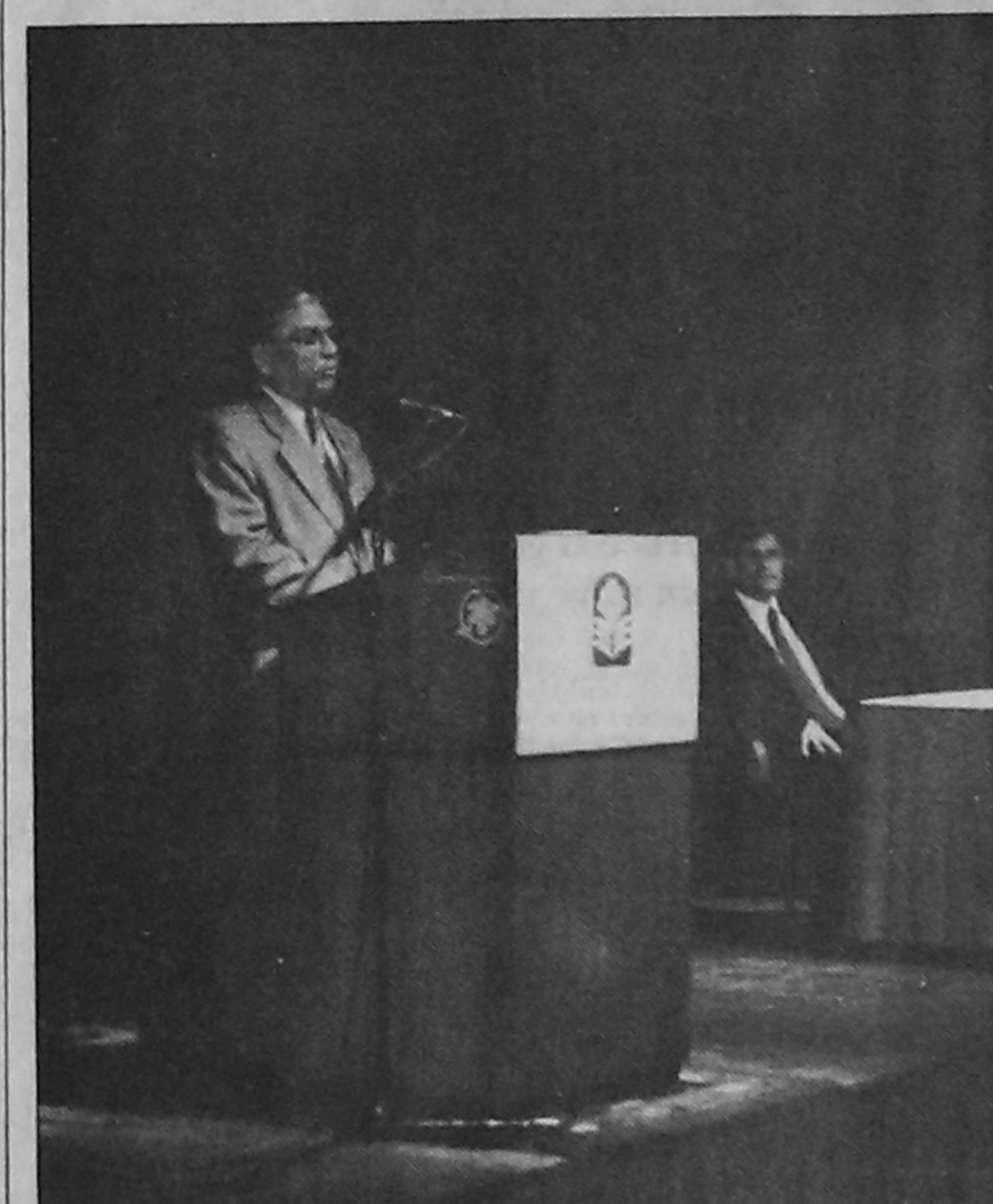
**Broken:** Good-liquoring medium and smaller broken were a good market, at firm to dealer rates of up to Tk 2 whilst all others were generally easier by Tk 1 to Tk 2 following qual-

ity. Large broken were a depressed market and mostly remained unsold. The poor fibrous types were easier.

**Fannings:** There was strong demand for better-liquoring types which were mostly dealer. Mediums were firm whilst others eased up to Tk 2.

**Green Tea:** 240 chests on offer were withdrawn owing to lack of bids.

**CTC Dust:** 1,095 chests, 2,938 g/s and 170 g/s of old season on offer met with quite a good demand. Select few lines of well-made and better-liquoring types were firm whilst all others eased generally by Tk 2 to Tk 3 following quality with plainer types easing by up to Tk 5. Internal market lent good support.



Mohammed Farashuddin, Governor of Bangladesh Bank, addresses a function organised by Microcel on the occasion of its Human Resource Software Suite presentation for the Financial Sector at Hotel Sonargaon Monday. Chairmen, managing directors, and directors of different financial institutions, insurance companies and other dignitaries were present. Picture shows Mamun Chowdhury, Managing Director of Microcel, speaking on the occasion. — Microcel photo

## Nestle launches Blue Cross Milk Drink

Nestle Bangladesh Ltd held a conference to announce the launching of Blue Cross Milk Drink, says a press release.

The company thinks that despite its known benefits to health and well-being, milk consumption in Bangladesh steadily declined over the last 30 years.

Nestle is launching the new drink in Bangladesh in two tasty, nutritious, convenient and affordable varieties: Plain and chocolate. Both these varieties will be sold in powdered form in 180g retail packs for Tk 35 only.

These varieties will appeal to a large population, from regular users to those who have not yet experienced the benefits of milk. Housewives will appreciate the versatility of the product, ranging from a nutritious drink to an essential ingredient for the preparation of desserts, whitening of tea, and so on.

Blue Cross was developed with the extensive know-how of Nestle's Swiss Research and Development Centre and International Dairy experts.

— Nestlé photo

## New concept store opens at Uttara

Service Super Store, a new concept store with international standard, has been opened at Uttara in Dhaka, says a press release.

The store is designed to offer safe and comfortable shopping environment for the ladies and family members. The safety of the customers at the store is monitored by close circuit camera.

This is the largest of its kind in Uttara having a 3,000 sq. ft floor space, which is centrally air-conditioned and has got distinct facilities like free play area for children and instant laundry services. A small coffee corner has been established in the store to serve beverage, coffee or ice-cream to the customers during their shopping time.

Service Super Store offers a wide variety of products at competitive and fixed prices. The major products include all types of grocery items, fresh vegetables, meat, fish, cosmetics, toiletries, toys, stationery, gift items, house-hold appliances, casual garments and shoes.

Major consumer brands of large international and local companies have strong presence in the store. The target customers of the store are the housewives.

Trolley and basket services are available for convenient shopping.

## Presentation on Microcel's human resource software held

Microcel, the largest software manufacturer of Bangladesh, recently launched a complete software on human resource, says a press release.

This integrated software suite comprises seven stand-alone modules.

Microcel feels that proper management of the individuals engaged in the financial sector has become vital for the efficiency of the organisations. Keeping this view in mind, it organised a presentation on the Human Resource Software Suite for the members of the financial sector at Hotel Sonargaon Monday.

Dr Mohammed Farashuddin, Governor of Bangladesh Bank, addressed the function as chief guest. Chairmen, Managing Directors and Directors of banks, investment companies, insurance companies and other dignitaries were present. Mamun Chowdhury, Managing Director of Microcel, also spoke on the occasion.