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The Daily Star BUSINESS

DHAKA, MONDAY, DECEMBER 18, 2000

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Govt rejects pilots' bid for Air India stakes

NEW DELHI, Dec 17: India has rejected a bid by a pilots union as well as two other firms seeking to buy a 40 per cent stake in the country's main international carrier Air India, reports AFP.

An official, who did not want to be identified, said the pilots union as well as the two other bidders were disqualified as they did not fulfil a minimum networth criteria of 225 million dollars.

A government statement on Friday said three bidders for a stake in Air India did not fulfil the required criterion, but did not name the firms which were disqualified or those shortlisted. Initially, at least six bidders were in the race including the local Tata group and Singapore Airlines, Air France and Delta Airlines, and India's Hinduja group and the London-based Indian steel magnate L.N. Mittal.

Airline sources said Tata-Singapore Airlines was definitely in the running. The bid by the pilots union was rejected as they projected their net worth on the basis of provident fund contributions of employees which was opposed by other labour factions within Air India.

The Indian government plans to sell a 60 per cent stake in Air India, which has piled up losses of 10 billion rupees (230 million dollars) in the past five years.

Forty per cent will be sold to a "strategic investor" -- which would include a maximum 26 per cent stake for a foreign airline -- and 20 per cent to employees and financial institutions.

Lanka meets donors amid zooming defence bill

COLOMBO, Dec 17: Sri Lanka's zooming defence bill has shattered its balance sheet as the country continues to remain on a war-footing despite tentative moves towards an end to the bloody civil war, says AFP.

President Chandrika Kumaratunga will meet Sri Lanka's foreign donors Monday in Paris at a time when unexpectedly heavy military spending has seriously eroded foreign reserves and seen the local currency depreciate sharply.

"Sri Lanka will want credit for its peace process as well as cash for the immediate problems at home," a Western diplomat in Colombo said.

The Norwegian-backed peace moves are most likely to figure in the Paris talks. The Paris meet comes at a time when both the Sri Lankan government and its warring partner, the separatist Liberation Tigers of Tamil Eelam (LTTE), have publicly pledged to enter Norwegian-backed talks aimed at ending decades of bloodshed.

Previous attempts to end the LTTE's demand for a separate state through political for military means have ended in disaster and raised the level of the conflict from a law and order problem in the 1980s to a low-intensity war.

Virgin orders six Airbus super jumbos

LONDON, Dec 17: Sir Richard Branson's Virgin Atlantic airline ordered six superjumbo airliners on Friday from Airbus, giving the European consortium enough firm commitments to formally launch the new-generation A3XX giant next week, reports AFP.

Promising passengers "a brand new flying experience" -- and the facility to join the so-called "Mile-High" club -- Branson made a commitment to buy six of the double-decker, 550-seater aircraft and took out an option on six more in a deal worth 4.3 billion euros (3.8 billion dollars).

The commitment is crucial as it brings the number of commitments for the A3XX to 50, which has been set by Airbus shareholders as the level at which the aircraft will definitely go into production.

Branson said he hoped Airbus would announce the production launch next week.

"This is the key order to see this magnificent plane being built," Branson told journalists at a signing ceremony with Airbus for the aircraft.

"I am very excited by the opportunities these aircraft will bring," he said, adding that the planes would fly routes to the United States, the Far East and South Africa.

Airbus chief executive Noel Forgeard said: "We are extremely honoured that Virgin Atlantic has decided to become a British launch customer for the A3XX."

Make C&AG's office independent in recruitment: WB-UNDP study

Skilled manpower dearth seen reason for poor quality audit reports

Star Business Report

The Office of the Comptroller and Auditor General (C&AG) is facing difficulties due to its lack of power to decide its own budget and recruit manpower, a World Bank-UNDP study says.

The C&AG should not require the approval of the Finance Ministry, as is the case at present, in such vital matters, the study said.

Although the C&AG has a clear mandate and is free to audit what he wants and report as he sees fit, his independence is seriously constrained, the study on 'Public Sector Auditing in Bangladesh: Its Effectiveness and Ways to Improve It' said.

It was prepared under the Strengthening the Office of Comptroller & Auditor General (STAG) Project as a background

paper for the Country Financial Accountability Assessment.

The Finance Ministry controls the budget of the office of the C&AG which is not outside the ambit of the government bureaucracy.

The study said the C&AG is administratively subordinated to the government, particularly to the ministries of Finance and Establishment for finance, personnel, general administrative and organisation structure matters.

"He does not have the power to 'professionalise' his office, hire suitably qualified and experienced staff to meet the needs of his office."

Although the C&AG has a tenure, the duration is too short

for him to implement his vision and mission. His dual responsibility for both preparing government accounts as well as auditing them results in a conflict of interest, the study mentioned.

The most serious shortcoming of the C&AG's office is the lack of suitably qualified, experienced and trained staff. Neither the audit managers nor the auditors who carry out the actual audit work are suitably trained or experienced in auditing or accounting when they enter the service, the joint study said.

"Staff trained in auditing and other specialised subjects are underutilised or not utilised at all because they are not

placed in jobs for which they have been trained."

Although the quality of C&AG's work is criticised, the office through has contributed to some extent to better financial accountability in Bangladesh in spite of constraints it faces, the study added.

The study mentioned that the C&AG has consistently pointed out that there is a serious lack of internal financial control in government departments.

The study suggested that the C&AG should be free to recruit qualified, experienced and trained staff it needs to conduct the full range of financial, compliance and performance audits efficiently and effectively.



Picture shows the ISO-9001 quality management system certificate - awarding ceremony of Opsonin Chemical Industries Ltd. held at the Ballroom of Pan Pacific Sonargaon Hotel Saturday. Vice-chairman Capt. (Rtd) Abdus Sabur Khan, Managing Director Abdur Rouf Khan, and Executive Director Abdur Rakib Khan of Opsonin received the certificate from the representative of Orion Registrar Incorporate, USA, lead auditor Ronald D. Kurtzman and lead auditor Robert Starkweather.

Pakistan resolves dispute with largest power co over tariff

ISLAMABAD, Dec 17: Pakistan resolved a protracted and often bitter dispute with the country's largest private producer, generating hopes for increased investment in cash-poor Pakistan, newspapers reported Sunday, says AFP.

The settlement with Hub Power Company (HUBCO) was achieved on Saturday after the company agreed to reduce its tariffs to 5.6 cents from 6.6 cents per kilowatt hour, the state-operated Associated Press of Pakistan reported.

"We have gotten the fruit of our labours and hopefully the settlement of the dispute will boost the investors' confidence, lift the stock market and bring in more investment," Finance Minister Shaukat Aziz was quoted as saying by the agency.

The government gave no other details of its agreement with the Hub Power Company. Hassan Dawar, a stock market analyst at the Global Securities, Sunday said the settlement was good news for the market.

"It's been a long time since

we have had some good news. It is very positive for the market," he told The Associated Press by telephone from Pakistan's commercial hub of Karachi.

The resolution of this long-standing dispute has removed a major hurdle in attracting foreign investment here.

Sajjad Mankani, a dealer at the BMA Capital Management Co, another brokerage house, said the settlement was not unexpected.

"We were expecting this news. In the short-term, the market will be slightly under pressure on profit-taking," he said. "But in the long-run it is a good development and could pave the way for the return of foreign investors."

The feud between the Hub Power -- which is largely owned by the British National Power -- and the Pakistan government began in 1998 when Nawaz Sharif's deposed government refused to accept a tariff agreement negotiated by the previous government led by Benazir Bhutto.

that the Hub Power would sell its power to Pakistan's state-run Water and Power Development Authority (WAPDA), for 14 cents a kilowatt hour. But Sharif's government arbitrarily reduced the tariff which began the dispute.

Sharif's government, which came to power in 1997, accused the company of overcharging the state-run utility and refused to pay the bills. Sharif's government charged Hub Power Company and Bhutto's government of misconduct to arrive at the inflated rates.

Both Bhutto and the Hub Power denied the charge.

The dispute jolted investors confidence and hurt the stock market, where the Hub Power shares were among the handful of leading stocks and have a heavy weight-age in the premiere Karachi 100-share index.

On Saturday, Hub Power officials met military ruler Gen Pervez Musharraf, who assured them that his government would make all efforts to ensure an "investor-friendly" environment.

Opsonin receives ISO-9001 quality management system certificate

Opsonin Chemical Industries Ltd held a certificate-awarding ceremony at a city hotel on Saturday to mark its recent receipt of the ISO-9001 quality management system certification from Orion Registrar Incorporate, USA, says a press release.

This is the first in Bangladesh that one company has received the ISO-9001 Certificate with two accreditations, one from North America (SSC, Canada) and another from Europe (RVC, the Netherlands).

At a simple ceremony the management received the certificate from the representative of Orion Registrar Incorporate USA, lead auditor Mr. Ronald D. Kurtzman and lead auditor Mr. Robert Starkweather.

At a press briefing, the Opsonin management once again confirmed their firm commitment to produce quality pharmaceutical products for the health services for the people of the country and abroad.

Journalists of the national dailies, city elites, business dignitaries, local consultants and senior officials of the company were present at the ceremony.

Opsonin, one of the leading pharmaceutical brands, is operating their business in the country since 1956 and has its presence in different fields like bulk pharmaceuticals, basic chemical, pharmaceutical accessories, garments etc.

Breathe.com breathes its last

LONDON, Dec 17: Breathe.com Britain's fourth largest Internet service provider, with more than 500,000 customers, has collapsed with losses of up to 50 million pounds (70 million dollars) in the country's biggest ever dot-com failure, newspapers reported today, says AFP.

PricewaterhouseCoopers were appointed as administrators to the company after a hearing at the High Court in Manchester, northwest England, according to media reports.

Slow Indian reform pace disheartens Vajpayee

NEW DELHI, Dec 17: Indian Prime Minister Atal Behari Vajpayee admitted to being "disheartened" Saturday with the slow pace of economic reform, reports AFP.

In a speech to Indian industrialists, Vajpayee said there was no lack of political will to pursue the reform agenda first launched in 1991.

"I am, however, disheartened that overall the system of implementation still works with the same old mindset," he said. "A mindset in which there is no transparent accountability and no drive to meet stipulated targets and deadlines."

While the Indian people are impatient for results, the government machinery exhibits no such sense of urgency, he added. "If the experience of the past 10 years has taught us any one lesson, it is that reform of the implementation system must be made an integral part of the reforms process itself."

Prior to his speech, Vajpayee

had listened to Federation of Indian Chambers of Commerce and Industry (FICCI) president G.P. Goenka read a litany of grievances voiced by the business community.

Goenka specifically highlighted the "prohibitive" cost of electricity, for which industry is forced to pay inflated rates in order to subsidise free power for the vast rural community.

Goenka also cited the cost of borrowing capital, which he described as "probably the highest in the world."

The FICCI president also sought to expose what he described as an enduring myth of India's industrial competitiveness -- its large pool of cheap labour.

He cited a colleague who had

visited a Chinese factory near Shanghai and observed workers on 12 hour shifts with one day off a month.

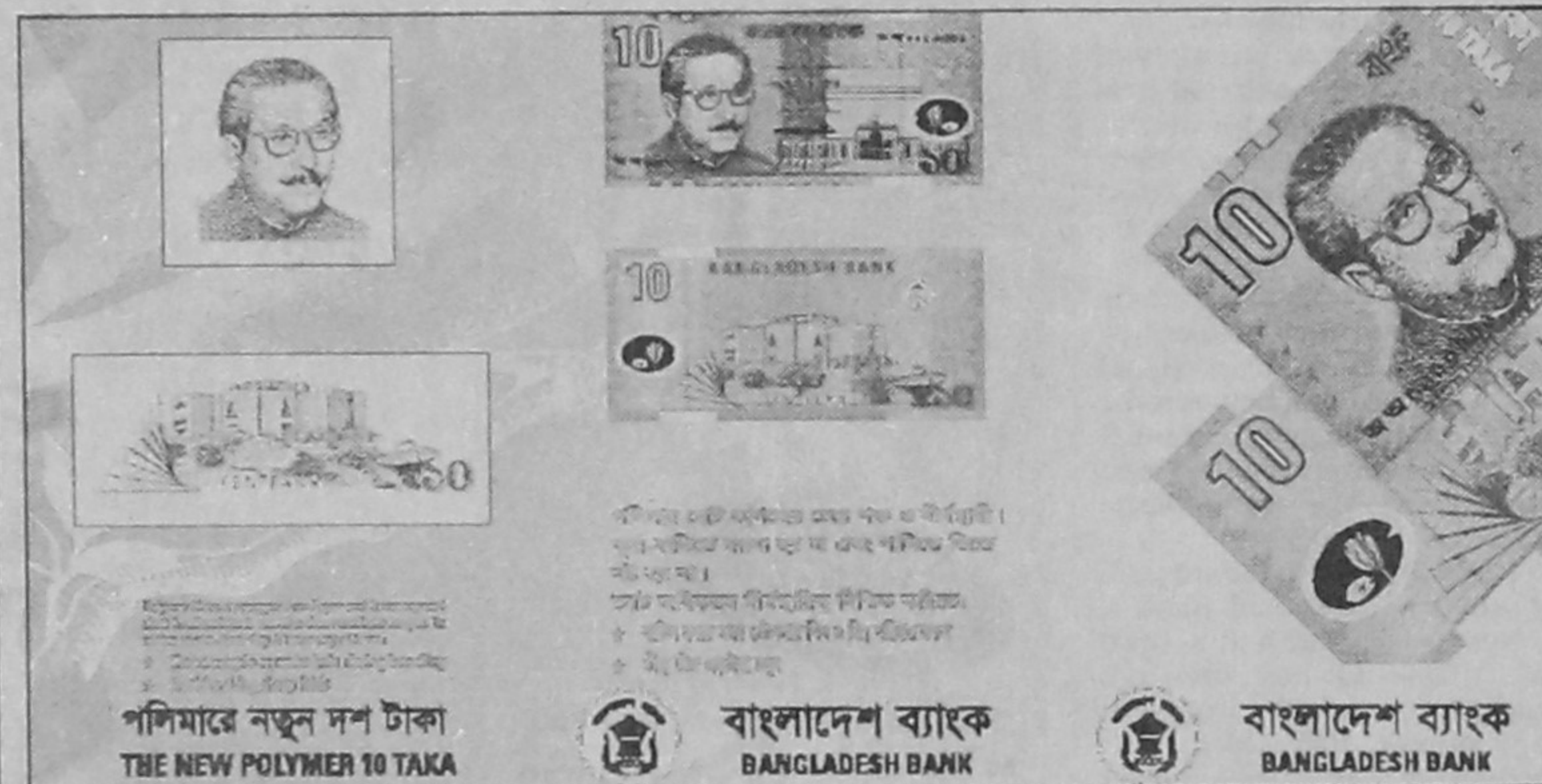
"I am not suggesting that in India we run sweatshops... but ways and means have to be found so that we can stand up and compete rupee for rupee in the markets of the world."

RBI sees economic outlook positive

Another report says: India's central bank governor Bimal Jalan on Saturday said the country's economic outlook was buoyant and interest rates were unlikely to rise.

"At the moment, market conditions are very favourable. In the next few months there will be no change in the liquidity or interest rates," Jalan told a business conference here.

He said the economic outlook was positive in the foreseeable future as the government's borrowings were at a targeted level.



A handout photo shows the new Bangladeshi ten taka note which is made of polymer, a durable, clean and secure banknote that has a protective plastic type of coating to protect it from moisture, water, sweat, oil and other contaminants in Sydney yesterday. The technology of the bank notes, which developed in Australia where they have been in use since 1988, is aimed at Asia where humid and adverse weather conditions prevail with the bank notes lasting much longer than their paper-based counterpart, helped by that fact that they don't tear or go limp.

Polymer rapidly replacing traditional paper notes

SYDNEY, Dec 17: Cotton-based paper banknotes are increasingly being dumped, particularly in Asia, and replaced by a polymer version, reports AFP.

The new notes, developed in Australia, are revolutionising the way countries produce their currency, proving more cost effective, durable, clean and secure.

The banknotes, with their protective overcoats, are impervious to moisture and resist water, sweat, oil and other contaminants. They are also difficult to tear.

In short, they suit environments where humid and adverse weather conditions prevail. "We see it as a step beyond the traditional paper banknote. A lot of progressive governments are adopting this technology," said John Leckenby, chief executive of Note Printing Australia, a subsidiary of the Reserve Bank of Australia which designs and produces the banknotes.

"We are in the process of telling the story to as many countries as we can but change doesn't happen quickly," he told AFP.

The Australian technology is already being used by more

than a dozen countries, including Malaysia, Singapore, Thailand and Kuwait, with Africa and the Middle East the next targets.

Last week Bangladesh jumped on board, which with a population of 140 million, represents a significant step forward in the international adoption of polymer.

Bangladesh issued its first polymer note, the 10 Taka, on Thursday with crowds in Dhaka clamouring to be the first to get their hands on it.

As with polymer notes in other countries, the new Taka, which features a portrait of the Father of the Nation, Sheikh Mujibur Rahman, has a clear window -- a key security features which makes it difficult to forge.

Since Australia became the world's first country to adopt polymer in 1988 reports of counterfeiting have dropped significantly.

But the key advantage over paper is its durability, according to Leckenby.

"Durability has all sorts of spin offs," he said. "It lasts five times as long as paper which means countries adopting polymer technology will need to reprint their banknotes far less often."

"This means considerable cost savings to the country's economy in reordering, processing, withdrawal and disposal."

It also looks better and people feel better using notes that are clean and hygienic. The first thing a tourist sees is a country's currency. If it's clean and in good shape it's encouraging."

Polymer is also seen as an environmentally friendly alternative. Whereas old paper notes were burned or buried in Australia, polymer is recycled and used again in products such as compost bins and wheelbarrows.

And installing the new technology isn't a big deal. The notes are run through the same equipment that produces paper currency.

"For a country with climatic and economic conditions like Bangladesh the technology transfer model not only makes the supply of notes more economic, but the adoption of this state-of-the-art capability becomes a valuable addition to their expanding industrial bases," said Leckenby.

Australia has international patents on the product, from which it earns tens of millions of dollars in annual export earnings.

Japan declares 2 ROK credit cooperatives bankrupt

TOKYO, Dec 17: The Japanese government on Saturday declared the two largest credit unions financing Korean businesses in Japan bankrupt due to their huge bad loans, reports AFP.

The Financial Reconstruction Commission (FRC) declared Kansai Kogin, the biggest, and the second-biggest Tokyo Shogin Credit Union insolvent and appointed administrators to examine their assets.

"Liabilities far exceed assets at Kansai Kogin," FRC chairman Hakuo Yanagisawa said in a statement.

Kansai Kogin's liabilities exceeded assets by 51 billion yen (455 million dollars) at the end of June.

Despite the FRC's repeated request to Kansai Kogin to come up with better financial solutions, the credit union "failed to submit realistic and substantial ways to improve its financial conditions," Yanagisawa said.

after the credit union asked the FRC to start bankruptcy procedures. Its liabilities exceeded assets by 21.8 billion yen at the end of March 1999.

Both Kansai Kogin and Tokyo Shogin would continue to operate under administrators and all their deposits would be fully protected, Yanagisawa said.

The Japanese central bank also gave its support and vowed to "provide necessary funds" for the credit unions.

In addition to the collapsed credit unions, the FRC decided to dispatch administrators to seven other credit unions which mainly do business with pro-Pyongyang Koreans in Japan.

The seven pro-North Korea credit unions were already declared bankrupt in May last year but their bankruptcy procedures have stalled since then.

"It is necessary to appoint administrators to upgrade the transparency of their bankruptcy procedures," Yanagisawa said.

The failure of the two cooperatives set up by ethnic Koreans would be a major blow to Japan's Korean business community.

SUMMON / NOTICE

IN THE COURT OF ARTHA RIN ADALAT, NARAYANGONJ
ARTHA RIN SUIT NO. 10 OF 2000

ANZ Grindlays Bank Limited
2, Dilkusha Commercial Area,
Dhaka- 1000 and its branch at
26, Shaista Khan Road,
Narayangonj-1400.

..... Plaintiff.

-Versus-

Mr. Emdad Hossain Bhuiyan
131, D. N. Road, Golachipa,
Narayangonj.

..... Defendant.

Whereas the Plaintiff Bank has instituted the aforesaid money suit on 08.05.2000 for realisation of Tk. 1,05,660.68 as on 31.03.2000 from you. Notice is hereby given upon you with a direction to appear before this Court on 04-01-2001 at 10.00 a. m. either personally or through your appointed lawyer and to file written statements or to take necessary steps in the suit, failing which the suit will be herad and disposed of in your absence

By Order

মোঃ হাবিবুল্লাহ মাদবর
Sharastader
Artha Rin Adalat, Narayangonj.