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## DSE-20 index clocks 1327 points on debuting day

New benchmark to be reviewed quarterly

Star Business Report

The Dhaka Stock Exchange (DSE) yesterday formally launched its new millennium index, comprising top 20 blue chip stocks of the bourse.

The new index will mirror the true market scenario and the bourse will be in a position to work out whether the existing DSE All Share Price Index is behaving rationally," said DSE Chairman Md Shauq Khan at a press conference in the city yesterday.

The DSE-20, which commands 43 per cent of the total market capitalisation, stood at 1327.73 points at the day's close of trading yesterday.

The main purpose of the new index is to identify the general direction of price movement of the best-performing companies, also called as the blue chip compa-

nies," said DSE acting Chief Executive Officer Md Rezaul Rahman.

He said that the existing DSE price index consists of 232 securities, some of which are illiquid. "Hence, even though the All Share Price Index measures price changes in the market, it lacks the characteristics important to encourage index-based trading," Rahman said.

DSE Vice-chairman Ahsanul Islam, who is also the convener of the committee which set the criteria for the millennium index, said the new 1000-point base index has been calculated taking January 1, 2000 as the benchmark.

He said that the new index will be printed with the existing index at the end of the day, but due to system's limitation, for

the time being, it will not be shown in automated trading screen.

The criteria for the new index include market capitalisation of at least Tk 20 crore and minimum 20 per cent shares of a company to be in the hand of general public," Islam said.

The companies also must pay minimum 10 per cent dividend for the last three consecutive years and their scrips be traded at least 95 per cent of the trading days in the last six months to be eligible for the DSE-20.

He said good corporate governance, regular holding of annual general meetings and sectoral representation have also been considered in the formation of the new index.

He also said that the DSE-20 index will be reviewed

quarterly or more frequently in the event of contingencies.

Under the criteria, Islam Bank has qualified from the banking sector, Bangladesh Lamps and Singer Bangladesh from the engineering sector, AMCL Pran from the foods sector, British Oxygen Company (BOC) from the fuel and power sector, Padina Textile from textile sector, Beximco Pharmaceuticals, ACI, Beximco Infusion, Beximco Synthetics and Square Pharmaceuticals from the Pharmaceuticals sector, Eastern Housing from the service and real estate sector, Chittagong Cement, Confidence Cement and Meghna Cement from the cement sector.

Aranit Ltd, Bata Shoe, GQ Ball Pen, Momo Ceramics and BEXIMCO Ltd from the miscellaneous sector.

## BSFIC still in a quandary over joint venture distillery

Corporation yet to manage promising partner

By Monjur Mahmud

The initiative of the Bangladesh Sugar and Food Industries Corporation (BSFIC) for setting up a joint venture distillery to produce export-quality liquor is progressing at a snail's pace, as the corporation is yet to find any promising partner.

BSFIC made a public announcement in May this year for the joint venture distillery. According to sources, some local entrepreneurs responded positively following the announcement.

"We are willing to make a deal with any local company, but at the same time we want the local entrepreneur to have a foreign partner for procuring state-of-the-art technology as well as for ensuring export

market for our products," said a BSFIC official.

"We have asked the local entrepreneurs to look for foreign partners for a final deal on the plant," he added.

BSFIC, which also runs a distillery and produces Carew - a brand liquor, expects to produce around 60 lakh litre of liquor per year at the proposed plant, according to sources.

Carew has an annual output capacity of 45 lakh litre of liquor and rectified spirit, but now it produces around 25 to 30 lakh litres, depending on the demand.

BSFIC will provide the land and molasses while the equity partner will come up with

capital, which according to preliminary estimates, will be around Tk 40 to Tk 50 crore.

Carew uses about 10 to 15 thousand tonnes of molasses a year and there are three more private distilleries which also consume some of the products. The new plant will need another 10 to 20 thousand tonnes of molasses to run at the estimated capacity.

"Currently, molasses has very limited economic application and is used solely for making tobacco products and animal feed," said DN Bhakia, Chief of Planning of BSFIC.

"We also export around 10,000 tonnes of molasses a year, but with the new plant

the country will earn a lot of foreign currency as well as generate considerable employment opportunities," he added.

Carew, the country's lone liquor-making plant, only produces for the domestic market and does not have the modern equipment and quality for export.

"For example, we still bottle the liquor manually which is unacceptable in foreign markets," said the official, adding that with a modern distillery in place, the country can easily rope in foreign consumers.

"But this also calls for a strong marketing channel for which a foreign partner is necessary," Bhakia said.

### SB branch at Akhaura demanded

Tripura-bound Bangladeshis visitors have demanded establishment of a branch or booth of Sonali Bank at Akhaura border point to mitigate their sufferings, says BSS.

"A booth of Sonali Bank at Akhaura border point is a must as a good number of Bangladeshi tourists and businessmen have been going to Agartala - capital of India's Tripura state - everyday since last year," said Rafiqul Islam Tipu, who led a sports delegation to Agartala recently.

The tourists have been facing a lot of difficulties in paying their travel taxes, particularly on holidays as there is no arrangement by the bank in receiving the taxes at the border point, he told BSS.

The Sonali Bank branch which receives taxes is located at Akhaura train station - at least 5 kilometres from the border point.

Customs officials at the Akhaura border point said they have been facing a lot of problems on the issue.

They said, "There are some people coming here without paying taxes on Thursdays and press us to help them, but we are unable to do anything for them."

The bank has its booth at all other Bangladesh-India border points.

A senior official of the bank said they are considering to solve the problem.

Sonali Bank may open a booth of its Akhaura branch at the border point, he said.

### New member of SEC

Former chairman of Court of Settlement MM Monsef Ali has been appointed member of Securities and Exchange Commission (SEC) for a three-year term on contract, reports UNB.

He joined his new office yesterday, said a SEC press release.

Prior to joining his new assignment, Monsef Ali was the chairman of the Finance Ministry special committee on remission of interest of sick industries.

Earlier, he served as district judge of Naogaon, special judge of Dhaka Division, member of Administrative Tribunal and consultant of World Bank, the release added.

### NCCBL earns Tk 42.92 crore operating profit

Star Business Report

National Credit and Commerce Bank Limited (NCCBL) has earned a pre-tax profit of Tk 42.92 crore in the year 2000.

The profit shows a growth of more than 47 per cent than that of the previous year, says a press release.

The bank, however, earned a profit of Tk 29.11 crore in the year 1999.

The increase in deposits and advances reflects substantial growth of profit of the bank.

NCCBL procured a total deposit of Tk 1075.60 crore compared to that of Tk 901.65 crore in 1999, which is 20 per cent higher than that of the previous year.

Loans and advances of Tk 796.54 crore were disbursed during the year 2000 as against Tk 610.84 crore of the previous year, which witnessed a rise of 30 per cent during the year.

Total foreign exchange business also showed a marked rise from the previous year. Both import and export trade of the bank accelerated sharply when compared to the preceding year

## ROK president apologises for economic crisis

SEOUL, Jan 1: President Kim Dae-Jung made a public apology to South Koreans in his New Year address today for failing to tackle economic problems that have badly dented his popularity, says AFP.

"A sense of crisis is heightening, and public morale has dropped. This is indeed deplorable," said Kim. "As I feel that as president all this is my responsibility, I apologize and offer sympathy to the people."

Kim also called on the public to bear the pain of reforms, which have caused tens of thousands of redundancies and put a sharp brake on growth.

But for the South Korean public, mounting economic problems have overshadowed

Kim's success in the past year in bringing North Korea to the negotiating table, a feat that earned him the Nobel Peace Prize.

In shouldering the blame for the growing malaise, Kim admitted, "Business is slow, stock prices have plummeted with millions of investors taking huge losses and unemployment is increasing."

Kim, who won a presidential election in 1997 as South Korea was becoming gripped by the Asian financial crisis, said the country had become complacent that those troubles were over.

"Because of the relief we felt over the fact that we had successfully overcome the foreign

exchange crisis, we failed to complete restructuring," he said.

Kim declared that 2001 would be crucial for South Korea's future and pledged to pursue his campaign to reform the corporate landscape and the administration.

He pledged that basic reforms would be completed by February.

This year will be a truly important year for the fate of our country. It depends on us this year to determine whether or not we will be able to lay the foundation for a first-rate nation by making another economic leap forward.

Kim reiterated however that the government would not support unhealthy firms.

"Once we complete reforms, our economy will recover in the second half of this year," the president predicted.

"I will see to it that the groundwork will be laid for a fresh start for the country in the opening year of the new millennium."

But he warned that the suffering is not yet over.

"If we fail to complete restructuring because of fear of the pain, we would not be able to avoid devastation. However, if we can overcome today's pain and complete reform in the four major sectors, we will be able to make a great leap forward tomorrow."

### Shell achieves yr of drilling without LTI

The well-engineering team of shell Bangladesh and its contractors conducting gas exploration activities at South Sangu 2 has achieved one year of operation with no Lost Time Incident (LTI), says a press release.

The operations team, including Bangladeshi nationals, achieved this milestone in safety while working from the drilling rig Energy Explorer IV (EEIV), on South Sangu 1, Sandwip 1 and South Sangu 2, in the Bay of Bengal.

An LTI is defined as any accident or injury, which results in a person being unable to work on any day after the incident. The LTI measurement is common throughout the oil and gas industry and allows benchmarking of health, safety and environment performance across all the companies.

### Mahathir vows to safeguard MAS workers' jobs

KUALA LUMPUR, Jan 1: Prime Minister Mahathir Mohamad Monday assured employees of the loss-making Malaysia Airlines that their jobs will be guarded, reports AFP.

"We'll look after them. We've never let workers down," the prime minister was quoted as saying by Bernama news agency.

Mahathir said Malaysia was unlike some other countries which absconded its obligations to workers after industries had been privatised.

Even when privatising the national flag carrier, the government made it a condition that none of the staff should be displaced unless they themselves chose to leave the airline, he said.

Mahathir was responding to questioning about the fate of thousands of airline workers following his purchase of a stake from a businessman in December.



DN Kejriwal, Managing Director of Bangladesh Zipper Industries Limited, presides over the 10<sup>th</sup> and 11<sup>th</sup> Annual General Meetings of the company held at Karnapura in Savar on Saturday. - BD Zipper photo

## Turkmenistan cuts gas supply to Russia in price dispute

ASHKHAHAD, Jan 1: Turkmenistan cut all natural gas deliveries to Russia on December 31, because of the failure to agree on the price for a new supply contract, the official Turkmen press reported Monday, reports AFP.

Ashkhabad "showed flexibility and a desire to reach a deal under mutually-acceptable conditions. But the Turkmen side's efforts did not meet with the necessary understanding," the Neutralty Turkmenistan newspaper wrote.

According to the publication, Russian and Turkmen negotiators were seeking to tie up a deal for Ashkhabad to supply Moscow 30 billion cubic metres of gas in 2001, of which 10 billion would be destined for Western Europe.

The remainder would be exported to former Soviet republics such as Ukraine, Moldova, Armenia, Azerbaijan, Georgia, Kazakhstan, and the Baltic states.

But the agreement fell through because of Russia's refusal to pay the price de-

manded of 40 dollars (42.7 euros) per 1,000 cubic meters, with payment 50 per cent in hard currency and 50 per cent in goods, it added.

"Turkmenistan is insisting on a price that will cover the costs of extraction and transportation of natural gas to the borders of Turkmenistan," the newspaper wrote.

"It is open to negotiations to reach a mutually-acceptable contract and the resumption of Turkmen natural gas supplies to Russia," Neutralty Turkmenistan added.

Earlier this year during a visit to this Central Asian state, Russian President Vladimir Putin struck a preliminary agreement that Ashkhabad would supply Moscow with 50 billion cubic meters of gas annually over the next 30 years.

But the two countries failed to agree a price and in September Turkmen President Saparmurat Niyazov dealt a blow to Russia's plans to receive Turkmen gas by indicating that he would only sign short-term contracts.

"We will sell gas to Russia but long-term agreements can lead to arguments... so we will sell gas for a maximum term of two, three years," said Niyazov.

In 2000, Turkmenistan agreed to supply Russia with 30 billion cubic meters of gas this year at a price ranging from 36 and 38 dollars per 1,000 cubic meters.

Ashkhabad, which possesses some of the world's largest gas reserves but lacks a major market in which to sell them, needs cash to boost its strapped state coffers.

It had placed some hopes on a planned Trans-Caspian route to take its gas to Turkey at a cost of two billion dollars heavily backed by the United States as a way of lessening Turkmenistan's dependence on Iran and Russia.

But that project is looking increasingly in doubt, playing into the hands of Russia, which is competing for supplies of Turkmen gas as part of its bid to boost its influence in the resource-rich region.

### BD Zipper declares 5pc dividend

Bangladesh Zipper Industries Limited has declared a 5 per cent dividend for its shareholders for the year ending on June 30, 2000.

The dividend was announced at the 10<sup>th</sup> and 11<sup>th</sup> Annual General Meetings of the company held at Doel Complex at Karnapura in Savar on Saturday, says a press release.

DN Kejriwal Managing Director of the company, presided over the meetings.

A large number of shareholders were present at the meetings.

The company is a unit of Doel Group of Industries.

### 19<sup>th</sup>, 20<sup>th</sup> AGMs of BCIL held

The 19<sup>th</sup> and 20<sup>th</sup> Annual General Meetings of Bangladesh Chemical Industries Limited (BCIL) were held at Doel Complex at Karnapura in Savar on Saturday with DN Kejriwal, Managing Director of the company, presiding.

The company declared 5 per cent and 10 per cent dividend respectively.

A large number of shareholders were present at the meeting.

### BSB, Rupali Bank get new MDs

Bangladesh Shulpa Bank managing director Rabiul Hossain will join Rupali Bank as its MD, says UNB.

Rupali Bank managing director Yasin Ali will take over as MD of the BSB today.

All formalities of the interchange in the offices of the two state-run banks have been completed, said a BSB official yesterday.

Meanwhile, Hossain, who had his last day as BSB MD yesterday, reviewed the half-yearly position of the state-owned specialised bank.

BSB has realised Tk 65 crore in the July-December period of the current fiscal year, up by Tk 5 crore from the recovery of first half of last fiscal year.

The loan-recovery target of the fiscal year 2000-01 is set at Tk 165 crore. Its total recovery last fiscal year was Tk 123 crore.

## Economists disappointed at delay in Malaysian bank merger

KUALA LUMPUR, Jan 1: Economists Monday expressed disappointment over the failure by some Malaysian banks to meet a year-end merger deadline, amid calls on the government to issue punishments, reports AFP.

Only six out of 10 core banking groups successfully met the government-directed merger programme, the central bank said Sunday, while three banking groups were in the final stages of merger completion.

Last February the central bank announced that it had approved the merger of all 54 of Malaysia's banks and finance houses into 10 groups in order to strengthen the sector against international competition.

Mergers were to be completed by December 31.

Ramon Navaratnam, former deputy secretary general of the treasury expressed disappointment that the merger was not completed by the planned deadline.

"It is disappointing. Banks have been given a long time to negotiate and merge. Sometimes the authorities must use the stick," he told AFP.

Navaratnam, who is now corporate adviser to construction giant Sungeiway Group, said the delays were unfair to banks which met to the deadline, adding that those who failed to merge "should be penalised."

"They should have worked out a compromise. Others have succeeded," he said.

Bank Negara Malaysia named the 10 "anchor" banks as Malayan Banking (Maybank), Bumiputra-Commerce Bank, RHB Bank, Public Bank, Arab Malaysian Bank, Hong Leong Bank, Perwira Affin Bank, Multi-Purpose Bank, Southern

Bank and EON Bank. An anchor bank is a lead bank which groups together other banks and financial institutions.

The central bank Sunday said 50 of the 54 banks have been grouped into 10 core banking groups.

Effectively, 94 per cent of the total assets of the domestic banking sector have been rationalised and consolidated," it said.

The Arab-Malaysian Banking Group -- a core banking group -- which terminated a sale and purchase agreement with Utama Banking Group has been allowed to begin talks with Danamodal Nasional Bhd. on a possible merger with MBI Finance Bhd.

Danamodal which took over MBI is Malaysia's national bank recapitalisation agency. The central bank also ap-

proved a similar agreement between Multi-Purpose Bank Bhd. and MBI Finance Bhd. to be terminated. It also allowed Utama Banking Group to begin merger talks with EON Bank Bhd., which is already an anchor bank. It did not set a new deadline.

The central bank said the agreement between Malayan Banking Bhd. and Phileo Allied Bhd. for the acquisition of Phileo Allied Bank has been extended by 21 days.

Navaratnam said the central bank must set a new time frame for the banks to resolve their impasse and merge.

"They must be pushed to comply within a new deadline of one to three months," he said.

Navaratnam said failure by the central bank get tough to overcome any deadlock could cause others to unwind their mergers.