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MCCI advocates interest rate cut to boost industrial growth

Govt urged to review fiscal, monetary policies

Star Business Report

The Metropolitan Chamber of Commerce and Industry (MCCI) has urged the government to review the fiscal and monetary policies, saying interest rate should be lowered to accelerate the industrial growth.

At a meeting with Industries Minister Tofail Ahmed yesterday, the MCCI leaders said the Credit Information Bureau (CIB) restrictions are yet to be relaxed and the much-expected reduction of the burden of classified loans in banks is yet to materialise, for which the interest rate is still not competitive.

MCCI President Latifur Rahman led the business team at the meeting.

The significant shift of money from lower interest to higher interest deposits indicates the higher cost of capital, the MCCI said. In this backdrop, it will be advisable to re-

view the interest rate structure with a view to accelerating industrial growth, they said.

It is necessary to improve the industrial sector's performance if the country has to achieve a GDP growth rate of 7 per cent and export growth of at least 20 per cent. To attain the requisite GDP and export growth rates, the industrial sector must grow by 18 to 20 per cent, the Chamber leaders told the industries minister.

The country's industrial sector is faced with increasing uncertainty due to liberalisation of import regime and smuggling, the Chamber leaders said, adding that the growth of the industrial sector was 8.4 in 1997-98, which came down to 3.2 in 1998-99 and 4.3 in 1999-2000.

The MCCI mentioned that Bangladesh Bank in a recent circular had said that for the

purpose of remittance of royalty and technical fee, the contract must be registered with the Board of Investment (BOI).

The requirement reflects the provision in the industrial policy, 1999. However, the registration should not mean clearance of the BOI as the latter has been demanding," the MCCI pointed out.

There is already a direction in paragraph 24 of chapter 16 of the guidelines for foreign exchange transactions that up to six per cent of their turnover can be remitted freely. The BOI's clearance could be required only if the remittance exceeds six per cent, they pointed out.

They suggested that the Ministry of Industries consider asking the Bangladesh Bank to withdraw the circular in view of the stand of the BOI that the

issue requires its clearance, which causes delay as well as other problems.

The Chamber leaders also recommended that the Industries Ministry should play a major role in introducing productivity-linked wages in the country because repeated studies have shown that value added per worker, which of course, is not the fool-proof measurement of productivity, has been declining, thus affecting the degree of competitiveness.

The Chamber supports the concept of free trade in South Asia, but less developed countries like Bangladesh must ensure specific provision in the agreement for a lead-time to be integrated in the free trade process. The lead-time should be five to seven years during which the less-developed countries will obtain market access to

other countries at zero tariff but will be free to provide tariff protection to their own industries.

A fund should be created to provide financial assistance to the less-developed countries for a specified period to improve their infrastructures so as to come at par with the more developed countries in the region, MCCI said.

The Chamber mentioned that it made a survey during last summer and found that 62 industrial units around Dhaka lost production on account of power failures amounting to 104.96 million hours involving a total man-hour loss of 1.01 crore and a production loss of Tk 66.59 crore.

MCCI urged the government to immediately issue a white paper giving details of the progress of BMR and repair work of the major generation units.



The new office-bearers of Metropolitan Chamber of Commerce and Industry, Dhaka, led by its President Latifur Rahman called on Industries Minister Tofail Ahmed at his office yesterday. - MCCI photo

Adamjee Jute Mills incurs Tk 82.43 cr loss

State Minister for Jute A K Faezjul Haq informed the Jatiya Sangsad yesterday that Adamjee Jute Mills incurred a loss of Tk. 82.43 crore in 1999-2000 fiscal due to shortage of working capital, power supply and containers, reports BSS.

Replying to a question from Fazlul Azim (Noakhali), the State Minister said production cost of the mill has also increased for not undertaking BMRE and frequent hartals.

The government has taken a number of steps as per recommendation of a sub-committee constituted at the 27th meeting of the Parliamentary Standing Committee on the Jute Ministry to improve the situation of the mill, he added.



Zakir Rouf Chowdhury, Director of Rangs Motors Limited, gives away awards among the outstanding performers at the company's Sales Conference-2001 held at Sonargaon Hotel on Sunday. A Rouf Chowdhury, Chairman of Rangs Group, and S K De, President H M Exports Limited, are also seen in the picture. - Rangs Motor photo

Nepal lowers petroleum prices

KATHMANDU, Jan 17: Nepal yesterday lowered the prices of petroleum and oil products, state-run radio announced, reports AFP.

"The Nepalese government had lowered the price of kerosene by five rupees (six cents) to 17 rupees per litre," it said, citing a statement from the ministry of industry, commerce and supplies.

The new price of kerosene in a 22.73 per cent decrease.

The price of petrol was lowered one rupee, or 2.13 per cent, to 46 rupees, while diesel prices were also lowered one rupee, or 3.63 per cent, to 26.50 rupees per litre.

"The government Tuesday revised the prices in the line with the decrease in the international market," Industry, Commerce and Supplies Minister Ram Krishna Tamrakar said.

Aussie-NZ stock merger vote 6-month away

WELLINGTON, Jan 17: A vote on a proposed merger between the Australian and New Zealand stock exchange will probably be held in about six months, the head of the New Zealand exchange said Wednesday, reports AP.

New Zealand stock exchange managing director Bill Foster said it would take several months to prepare a merger proposal to present to members for a vote. The lack of a plan created opposition to a merger.

A group of New Zealand stockbrokers began campaigning last month against a merger, labeling it a takeover. Ian Waddell, who began the campaign, said it would surrender a big slice of New Zealand's economic destiny for dubious returns.

FedEx Dubai wins company's Ramp of the Year award

FedEx Express, the World's largest express transportation company, has awarded its prestigious internal worldwide accolade, Ramp Circle of Excellence 2000, to the FedEx operation in Dubai, says a press release.

"This award recognises the ongoing efforts and commitment of the employees within the Dubai facility in achieving utmost success in every aspect of their work," said Taarek Hinedi, Managing Director of Operations, FedEx Middle East. "So, our thanks and congratulations on this award go to each and every one of them, who made this possible."

India likely to reach fiscal deficit target this year

BOMBAY, Jan 17: India is likely to keep its fiscal deficit close to target this financial year, an unusual feat given past slippages, but it will be mainly because a larger target was set at the beginning of the year and not due to fiscal prudence, analysts said, reports Reuters.

Most analysts expect the federal government to end 2000/01 (April-March) with only a marginal excess of 50-60 billion rupees over its fiscal deficit target of 1.17 trillion (\$25.17 billion).

Some analysts are even hopeful the government will

restrict its fiscal deficit to the targeted 5.1 per cent of GDP. In 1999/2000, the federal government ended up with a fiscal deficit of 5.6 per cent of GDP, slipping from a target of 4.5 per cent.

For debt markets, it means a departure from the customary large government borrowing and upward pressure on interest rates at the year end.

"This year the slippage in fiscal deficit is one of the lowest in many years... It is a mixture of good tax revenues and fairly realistic expenditure projections," MR Madhavan, vice-

president at Bank of America, said.

In the first eight months of the year, the government's fiscal deficit was just 57.8 per cent of the annual target.

Revenue collections were impressive and even expenditure was within target.

Analysts said Finance Minister Yashwant Sinha deserved a pat on the back for staying close to fiscal targets, despite disappointing progress in raising a target of 100 billion rupees from sale of stakes in state-owned firms.



A loan agreement on Tk 5 crore for financing micro-credit enterprises of MIDAS and MFL was signed between Janata Bank and MIDAS and MFL at the Board Room of Janata Bank Tuesday. The signing ceremony was attended by Dr Atiur Rahman, Chairman, S A Chowdhury, Managing Director, Shamsul Islam Bhuyan, Deputy Managing Director, General Managers of Janata Bank, and Shamsun H Chowdhury, Chairman of MIDAS, Amirul Islam, Chairman, MFL, M A Karim, Managing Director, Shafiqur Rahman, General Manager, MIDAS and MFL.

BSFIC, BIM sign deal on training

An agreement on institutional training was signed here yesterday between Bangladesh Sugar and Food Industries Corporation (BSFIC) and Bangladesh Institute of Management (BIM), reports UNE.

Under the agreement, 40 newly recruited management trainees of BSFIC will receive a 13-week institutional training at the BIM starting from February 4.

Abul Fazal Badruddoza, Chief of Personnel of BSFIC and M Nizamuddin, Director of BIM signed the agreement on behalf of their respective organisations.

The BSFIC recently recruited 20 management trainees in general cadre and 20 others in accounts cadre to meet up the dearth of efficient manpower at its executive level.

Dhaka Bank, Vanik to introduce co-branded credit card

Dhaka Bank recently signed an agreement with Vanik Bangladesh Limited (VBL) to introduce the first domestic co-branded credit card in Bangladesh, says a press release.

Under the deal, VBL, the only independent credit card company in Bangladesh, will provide the technology and merchant acquiring, while Dhaka Bank will be the issuer.

This co-branded credit card will allow customers of both Dhaka Bank and VBL to make payments more conveniently.

VBL went online in December 2000 in order to allow its merchants and cardholders to make transactions quickly and easily that will also facilitate the customers of Dhaka Bank.

IMF may face turbulent time under Bush

WASHINGTON, Jan 17: The International Monetary Fund could face some turbulent years under a Bush administration, which has already hinted it may rein in the global lender's activities, reports Reuters.

In a weekend interview with the New York Times, President-elect George W Bush said he would not support renewed aid to Russia unless corruption was stamped out and far-reaching economic and legal reforms were enacted.

The comments come as little surprise, in light of statements Bush made during his presidential campaign that billions of dollars of IMF loans to Rus-

sia had been diverted by prominent Russian politicians and officials.

Since winning the White House, Bush has shed little light on his stance toward the IMF. But his latest comments suggest he could seek changes at the IMF in line with proposals made last year by a congressionally created commission calling for a radical overhaul of the institution.

After strong criticism of the IMF's handling of the Asia financial crisis of 1997-1999, Congress set up a commission to study how to reform the IMF and the World Bank.

Headed by Carnegie Mellon

University Professor Allan Meltzer, it recommended that the IMF stop making long-term loans to developing countries - a notion opposed by most of the IMF's more than 180 members - and limit its loans to otherwise sound economies suffering short-term financial crises.

The Clinton administration and the IMF opposed the panel's key recommendations, but many experts expect the incoming Bush team to put those proposals back on the front burner.

Meltzer told Reuters in a recent interview that he had been invited by the Bush transition team to be available for a posi-

tion in the new administration, but declined for personal reasons. Columbia University's Robert Calomiris, another IMF critic on the commission, was also declined.

While the IMF may breathe a sigh of relief that neither Meltzer nor Calomiris will be in key oversight positions, the appointment of former Federal Reserve Governor Lawrence Lindsey as a key White House economic adviser makes some at the institution shiver.

"He can be a real pain," one IMF official said of the conservative American Enterprise Institute scholar, who was originally asked to head up the

congressional commission on the IMF but declined in order to concentrate on the Bush campaign.

Lindsey has said in the past that IMF bailouts create expectations among international investors that their high-risk investments are implicitly guaranteed against default.

During the campaign, Bush echoed Lindsey's stance, saying, "I think the IMF has got a role in the world but I don't want to see the IMF out there as a way to save the world bankers." It needs to be available for emergency situations," Bush said in October.

Oil prices ease ahead of OPEC announcement

LONDON, Jan 17: Oil prices eased back gently on Wednesday morning after opening slightly firmer ahead of the OPEC announcement on output quotas, reports AFP.

Brent North Sea crude for March delivery slipped to 25.41 dollars a barrel from 25.52 dollars at the close on Tuesday.

In New York, the light sweet crude February contract closed Tuesday at 30.29 dollars a barrel up 24 cents.

Saudi Arabian oil minister Ali al-Nuaimi said on Wednesday that the Organisation of Petroleum Exporting Countries (OPEC) had reached an agreement on the size of output cuts, which most traders here expect to be 1.5 million barrels a day (bpd).

"We are all done," al-Nuaimi said in Vienna, where OPEC members are meeting. "It's just a formality now."

Market watchers said that a production cut of 1.5 million barrels a day was seen as a done deal.

What remained to be seen was when the taps would be tightened.

Prudential Bache trader Mark Keenan said: "The important thing to look at is when the cut will start and whether it will start in one lot or in stages."

"If it's a 1.5 million cut exactly that starts from February 1, I think we will stay the same or come off a bit," he said. "If it's a bigger cut than that I think we will go up, and a smaller cut then we will come down."

But some OPEC members have called for steeper production cuts than 1.5 million bpd, sparking rumours on the outskirts of the Vienna meeting of a cutback of 1.7 million bpd.

Kuwait declined to comment

on such speculation on Wednesday. "I refuse to comment," Kuwaiti oil minister Sheikh Saud Nasser al-Sabah told journalists when asked whether an OPEC subcommittee which monitors market movements would propose the 1.7-million-bpd cut.

But Prudential Bache's Keenan suggested that OPEC members might try to produce above their quotas following the cuts in an effort to boost oil revenues, which would bear down on prices.

"I think we will come lower for the rest of the year," he said. "There will be a lot of cheating that goes on amongst OPEC (members), because they think that they had it so good last year, they made so much money last year, and we've had such a big (price) collapse recently."

Government of the People's Republic of Bangladesh

Office of the Executive Engineer, RHD
Road Division, Bagerhat
Tele: 0401-2485

RHD Notice Inviting Tender

1. Tender Notice No. 10/2000-2001, Road Division, Bagerhat.
Sealed tenders in Bangladesh form No 2911 along with requisite earnest money are hereby invited from enlisted contractors of "RHD" respective categories.

Group No	Name of works	Estimated cost	Earnest money	Time allowed	Cost of tender schedule	Eligibility of contractor
01.	Construction of carpeting with seal coat at 27th (P) km of Pirojpur-Nazirpur-Mathibhanga-Patgati-Gopalgonj (Bagerhat Portion) Road under Road Division, Bagerhat during the year 2000-2001	Tk 1002370.00	2%	30 days	500.00 25.00 525.00	"A" to "D" General Category.
02.	Construction of flexible pavement at 4th (P) km of Boroghata-Gangni Road under Road Division, Bagerhat during the year 2000-2001	Tk 1014092.00	2%	45 days	-do-	-do-
03.	Construction of brick pavement at 3rd (P) km of Ranshen-Gouramba Road under Road Division, Bagerhat during the year 2000-2001	Tk 515751.00	2%	30 days	-do-	"A" to "E" General Category
04.	Construction of brick pavement at 5th (P) km of Tetulia bridge-Kadirkhola Road under Road Division, Bagerhat during the year 2000-2001	Tk 515333.00	2%	30 days	-do-	-do-
05.	Construction of brick pavement at 2nd (P) km of Falahat-Allipur Road under Road Division, Bagerhat during the year 2000-2001	Tk 513958.00	2%	30 days	-do-	-do-
06.	Earth work widening at 19 th (P) km of Pirojpur-Nazirpur-Mathibhanga-Patgati-Gopalgonj (Bagerhat Portion) Road under Road Division, Bagerhat during the year 2000-2001	Tk -206280.00	2%	30 days	-do-	-do-
02.	Last date and time of selling tender	Up to 29.01.2001 within office hour.				
03.	Last date and time of receiving tender	Up to 30.01.2001 on or before 12-30 PM.				
04.	Date, time & place of opening of the tender	At 10.00 AM on 06.02.2001 in the office of the undersigned.				
05.	Date of lottery, place & time	On 08.02.2001 in the office of the undersigned at 11.00 AM.				
06.	Memo No & date of approval of the estimates	The Superintending Engineer, RHD, Khulna Road Circle, Khulna Memo No 39, 40, 41, & 42 date 08.01.2001.				
07.	Name of officers to received tender	a) Divisional Commissioner, Khulna Division, Khulna (will be received Group No 1 to 2). b) Additional Chief Engineer, RHD, Khulna Zone, Khulna (will be received Group No 1 to 5). c) Superintending Engineer, RHD, Khulna Road Circle, Khulna. d) Superintending Engineer, RHD, Procurement & Monitoring Circle, Sarak Bhaban, Ramna, Dhaka (will be received Group No 1 to 5). e) Executive Engineer, RHD, Road Division, Khulna/Satkhira and Bagerhat.				
08.	Name of officer where tender document will be available for sale during office hour	Divisional Commissioner, Khulna Division, Khulna/Executive Engineer, RHD, Road Division, Khulna/Satkhira/Bagerhat/Planning & Design Division, Boyra, Khulna/Planning Division (P&D) Sarak Bhaban, Ramna, Dhaka and all Sub-Divisional Engineer's office under Road Division, Bagerhat.				

DPP-990-14/1
G-146
Tarun Tapan Dewan
Executive Engineer, RHD
Road Division, Bagerhat