Star
BUSINESS
DHAKA THURSDAY MAY 10, 2001

Grameen Mutual Fund launched

Debuting bid to channel rural savings to corporate world

STAR BUSINESS REPORT

To mobilise savings of the rural destitutes, Grameen Bank yesterday launched its first mutual fund.

The fund came into being following registration of the trust deed with the local sub-registrar at a city hotel.

Grameen Bank will be the sponsor of the fund, Standard Chartered Bank will provide the custodian services while Asset and Investment Management Services (AIMS) of Bangladesh – the country's lone asset management company – will be in charge of its management. The Grameen Trust will act as trustee to the fund.

Speaking on the occasion of the fund's launching, Grameen Bank Managing Director Dr. Mohammad Yunus termed the move as an old-age pension scheme for the poor.

He said the first scheme – Grameen Mutual Fund One – will offer a guaranteed 10 per cent return.

The size of the fund will be around Tk 12 to 15 crore, part of which will be offered to the general public.

Dr. Yunus said the fund will enable the micro-credit recipients to claim ownership of large industries and sit on the boards of these companies.

He said that the fund would also help overcome the present depression on the stock market.

Under the scheme, Grameen Bank is planning to enhance the earnings potentiality of the rural poor through augmenting and directing their savings towards the capital market in a structured way.

Grameen Bank's micro-credit recipients have savings of over Tk 1,000 crore under different projects. Their funds will be invested in a number of selected companies and the yield would be distributed among the poor micro-credit recipients.

A portion of the fund would be placed with the financial institutions and a part of it be earmarked for the general public through initial public offering (IPO).

Speaking on the occasion, Professor Rehman Sobhan, Chairman of Grameen Bank, said through the fund's formation, savings of crores of the poor will be channeled to the corporate world.

"So far, their activities were confined to the rural economy, which will now be mobilised to the national economy. Finally, it will be channeled to the global market," Prof Sobhan said.

He said the first Grameen fund scheme will be a test case and more such funds will be created depending on the success of the first one. "It's a pioneering and bold experiment which will be observed not only in Bangladesh but also around the globe," the Grameen Bank chairman said.

Managing Director of Aims of Bangladesh Yaweer Sayeed said the fund will now be registered with the Securities and Exchange Commission (SEC) and a prospectus will soon be floated, inviting public subscription of the fund.

He said it may take five to six months for the fund to be traded on the stock exchanges.

Grameen trust Managing Director A. A. Qureshi was also present to witness the documentation ceremony.

NBR SRO sends red signal to agro-processing industry

10pc extra duty imposed on crown cork

SHAHRIAR KARIM

A recent National Board of Revenue (NBR) order that slapped 10 per cent regulatory duty on imported crown corks used in local juice and beverage industries has taken the business circle by surprise.

NBR, through a SRO on February 14, imposed the duty that will hit hard the local industries, especially the juice-manufacturing units. The Board cited protection of the local cork industry as a reason for the enhanced duty. But in reality, there is only one such local industry which went into production three months back and can meet only 10 per cent of the demand.

Local juice industry has been importing a huge quantity of food-grade crown corks due to non-availability of the same in the local market. The government progressively reduced duty and other levies on imported crown corks in view of the huge potentiality of the country's food-processing industry.

From 15 per cent import duty on crown corks in 1997-98, it was reduced to five per cent in 1999-2000. In this fiscal's (2000-2001) budget, the duty was left unchanged, but a 10 per cent supplementary duty was slapped. Later, the government withdrew the supplementary duty, considering the industry's plight.

However, the recent NBR move will be counter-productive for the country's thriving agro-processing sector and jeopardise its export prospects, the industry feels. Bangladeshi bottled fruit juices have already gained popularity in the northeast Indian market.

The NBR move came when the local agro-processed products are facing discriminatory treatment in India, which imposes different para and non-tariff barriers.

According to industry sources, the price of one gross (12 dozen) of imported crown cork at five per cent duty is Tk 27.75. On the other hand, locally-produced corks that depend wholly on imported raw materials is Tk 28.80 per gross, which is four per cent more expensive than the imported ones. But now with the newly-slapped 10 per cent regulatory duty, the price of a gross of imported crown corks will be Tk 30.07.

The industry sources also pointed out that they just can't depend on the lone cork-producing factory which is unable to meet the total demand.

"While the agro-processing sector is always ready to patronise the local backward linkage industry, it can't afford to depend on a single source which is yet to be tested.

It can't also be the desire of the authorities to handicap this flourishing thrust sector," said Maj. Gen. Amjad Khan Chowdhury (rtd), President of Bangladesh Agro-Processors' Association (BAPA) and Managing Director of Agricultural Marketing Company Ltd, the country's biggest agro-processing industry.

ScanCement to be used in Dhaka-Sylhet road project

Samwhan-Pubali joint venture has signed an accord with Scancem Bangladesh Ltd for supplying of ScanCement for its Dhaka-Sylhet Road Project.

Samwhan-Pubali joint venture has chosen ScanCement for ensuring consistent high quality and in accordance with the consultant's approval.

Engr. Mohammad Yusuf, Dy. Project Manager of Samwhan-Pubali joint venture, and Christer Eriksson, Vice President of Marketing & Sales of Scancem Bangladesh Ltd, signed the deal on behalf of their companies in the city recently.

Engr. Saumitra Mutsuddi, Sales Manager Corporate, and Hajjaj Bin Yussuf, Area Sales Executive of Scancem Bangladesh Ltd, were also present on the occasion.

Roughton & Partners of UK in association with SARM Associates, Desh-Upodesh & Dev Consultant's have been engaged as Consultant of this project by Roads & Highway Department.

PHOTO SCANCEM

Picture shows Engr Mohammad Yusuf of Samwhan-Pubali joint venture and Christer Eriksson, Vice President-Marketing & Sales of Scancem Bangladesh Ltd, exchanging papers of a signed agreement recently. Engr Saumitra Mutsuddi, Sales Manager-Corporate, and Hajjaj Bin Yussouf, Area Sales Executive of Scancem Bangladesh Ltd, are also seen in the picture.

OPEC to again fight US price-fixing ruling

REUTERS, *Caracas*

Oil exporter Venezuela said Tuesday that the OPEC cartel would contest for a second time a ruling by an Alabama court that would bar it from price-fixing.

Energy and Mines Minister Alvaro Silva said OPEC had already once contested the March 21 ruling by an Alabama court, but the court judge had retired, forcing a repeat of the process.

"The case has passed to another judge and the new judge set a new period to contest," Silva told reporters after a meeting at the presidential Miraflores palace, adding that the period was fixed at 30 days.

Silva said OPEC, an Arab-dominated cartel which controls two thirds of world oil exports, based its argument against the ruling on several counts of international law.

"A foreign court cannot judge an international organisation, nor sovereign states and much less issue a judgement when the action concerns a nonrenewable resource of a country about which there are reiterated and firm criteria in international law .... that the countries exercise sovereignty over them."

US federal court in Alabama ruled in favour of a US gasoline retailer, barring the Organisation of Petroleum Exporting Countries from making deals to set production volumes and prices.

Venezuela and the 10 other OPEC members have made successive cuts in production since 1998 that have pushed oil prices to their highest level since the 1991 Gulf War and lifted US gasoline prices to record highs.

The ruling is symbolic as US federal law prevents OPEC, as well as other sovereign nations, from being sued.

However, that could change under legislation introduced in March in the US Senate to give US antitrust regulators authority to sue OPEC for fixing prices and setting production levels for crude oil.

The bill would put pressure on OPEC by giving the US government the legal authority to bring legal action against foreign states suspected of anti-competitive measures involving oil and other petroleum products.

OPEC has called the bill an "absurdity" which violates the most basic legal principles.

The bill appears unlikely to become law. A similar bill introduced last year only won the approval of the Senate Judiciary Committee, never making it to the full Senate and House of Representatives for a final vote.

If found guilty of price fixing by a US court, the legislation would allow the US government to seize the assets of OPEC nations held in the United States.

BALCO workers back at work after 2-month tough strike

AFP, *New Delhi*

Striking workers at newly-privatised Indian firm Bharat Aluminium Co. Ltd. (BALCO) resumed work Wednesday after an agreement to end their two-month old strike, a management spokesman said.

The strike was seen as a test case for the Indian governement in its push for privatisation, and the end of the industrial action could help accelerate stake sales in other state companies, industry experts said.

The pact at BALCO was reached Tuesday at 2330 hours (1800 GMT) after long hours of negotiations with union leaders following a Supreme Court hearing, and the management has agreed to pay the employees two months salary as advance, a spokesman said.

The first shift at BALCO plant, located in central Chattisgarh state, resumed duty Wednesday at 0600 hours (0030 GMT) and the factory was up and running, he said.

While the workers have agreed to resume duty, they have decided to continue passive protests such as slogan shouting to press other demands, industry sources said.

The strikers had stayed away from work since March 3 to oppose India's first big privatisation deal, which they feared could lead to job losses.

They had demanded the government rescind the sale of a 51 percent stake in BALCO to private firm Sterlite Industries.

Sterlite Industries purchased the stake for 5.51 billion rupees (120 million dollars).

"We welcome the trade union's decision to terminate the strike and resume work," said BALCO's new chairman Anil Agarwal.

"We will now be able to focus our energies towards maximising the potential of BALCO and taking it to a level where it would be positioned as a world class producer of aluminium products."

Daewoo Motor posts first monthly profit in 3 years

AFP, *Seoul*

South Korea's ailing Daewoo Motor Co. recorded its first monthly operating profit in nearly three years, of five million dollars last month, the company announced Wednesday.

The April profit was 6.7 billion won (5.2 million dollars) on sales of 466.1 billion won, the company said in a statement, adding business turned into the black for the first time since June 1998.

"The turnaround in earnings to positively affect the efforts for our viability and sales negotiations with Genreal Motors (GM)," it said.

It said the good performance was a result of its restructuring efforts, through which it saved 751.8 billion won, 75.2 percent of the 999.2 billion won target this year, and stronger domestic sales.

But Daewoo Motor said that during the first three months to March, it posted an operating loss of 45 billion won on sales of 1.05 trillion won. Comparative figures were not released.

Since slipping into the crisis after its parent Daewoo Group collapsed in August 1999 under 80 billion dollars of debt, Daewoo Motor has been kept afloat on creditors' aid while seeking sales.

GM and its Italian partner Fiat began negotiations with South Korean creditors on taking over Daewoo Motor after Ford Motor Co. pulled out of a deal worth 6.9 billion dollars last September.

Daewoo Motor, which was declared bankrupt in November, has since been restructuring its operations at home and abroad to stay afloat

The troubled South Korean automaker still has an annual production capacity of 1.06 million vehicles at home and another 875,000 overseas.

US catalogue show starts at DCCI

BSS, *Dhaka*

A catalogue exhibition began here yesterday featuring a wide range of products, services and infrastructures of 132 companies of the USA.

Dhaka Chamber of Commerce and Industry (DCCI) and the US embassy in Dhaka jointly organised the "2001 USA Catalog Exhibition-Dhaka" being held at DCCI auditorium.

Executive Chairman of the Board of Investment (BOI) M Mokammel Haque inaugurated the two-day show, where catalogues of 132 US companies are being exhibited.

Industries Secretary Al-Ameen Chowdhury attended the inaugural function as special guest while Deputy Chief of Mission of the US Embassy here Christopher Webster also spoke on the occasion.

Acting President of DCCI Mahbub-uz-Zaman chaired the function while Vice-president Afsar Karim Chowdhury delivered his vote of thanks.

Addressing the inaugural session, the BOI chief urged foreign entrepreneurs to invest in Bangladesh as it offers lucrative incentives to them.

"Many companies from the US are investing in energy and gas sectors. We do expect that more US companies will also invest in other potential sectors and utilise the benefits of a liberal industrial policy, a unique package of incentives and macro-economic stability in the country," he said.

Terming the ties between Bangladesh and the US as friendly, he said the relationship must be strengthened in future by expanding trade and commerce.

He hoped that the catalogue show would attract Bangladeshi buyers to import from the US.

Indian fiscal deficit seen close to 5.3pc

REUTERS, *New Delhi*

India's fiscal deficit for 2000/01 is expected to be "closer to 5.3 per cent" of GDP compared with an earlier target of 5.1 per cent, a senior finance ministry official told Reuters yesterday.

The wider deficit is largely due to a tax shortfall of 80 billion rupees. "Final figures are yet to come but the tax shortfall is expected to be 80 billion rupees plus," Expenditure Secretary C M Vasudev told Reuters in an interview.

He said the lower tax receipts would push the fiscal 2000/01 deficit "closer to 5.3 per cent" of GDP.

He added that there was nothing unusual in a government move to borrow heavily during April, saying he expected borrowings to "even out" in the months ahead.

PHOTO DCCI

M Mokammel Haque, Executive Chairman of the Board of Investment, inaugurates a 2-day 2001 USA Catalog Exhibition organised by the DCCI in cooperation with the US Embassy in Dhaka at the chamber auditorium yesterday. The photograph also shows acting DCCI President Mahbub-uz-Zaman (4th from left), Industries Secretary Al-Ameen Chaudhury (2nd from left), and Deputy Chief of the US Mission Christopher Webster (extreme left).

Pakistan hopes Chinese PM's visit will boost economic ties

AFP, *Islamabad*

Pakistan expects significant economic gains and deeper political understanding with China from Prime Minister Zhu Rongji's landmark visit starting Friday to mark the golden jubilee of their diplomatic relations, officials said.

Zhu will hold talks with Pakistani military ruler General Pervez Musharraf on the first leg of his five-nation Asian trip, they said Thursday.

"Discussions between the two sides will cover bilateral relations and cooperation in the political, economic, commercial and other fields," a foreign office spokesman said.

"They will also have an exchange of views on issues of mutual interest," he said.

During Zhu's four-day visit Pakistan expects to finalise several projects including a multi-million dollar Karachi to Multan oil pipeline and building of a modern seaport at Gawadar.

The two sides are also expected to explore ways of further enhancing trade and boosting cooperation in information technology, tourism and communications, they said.

A foreign ministry statement said the visit marks the 50th anniversary of the establishment of diplomatic relations between the two countries.

Over the past 50 years Pakistan and China have developed "a comprehensive partnership in all fields which is only of benefit to the two countries but is also in the interest of peace and stability of South Asia and the wider Asia-Pacific region," it said.

Zhu's visit will provide an opportunity to the two sides to discuss "a strengthening of this partnership during the 21st century," it said.

China and Pakistan have close political contacts in addition to economic and military cooperation.

Pakistan views ties with China as a counterweight to its rival neighbour India. Islamabad criticised the United States' sale of weapons to Taiwan last month as interference in China's internal affairs.

China has assisted development of heavy industry in Pakistan while a 300-megawatt nuclear power station at Chashma in central Mianwali district, which opened last month was built with substantial Chinese assistance.

Toyota to post biggest-ever profit for Japan firms

AFP, *Tokyo*

Toyota Motor Corp is likely to post the biggest group pre-tax profit ever for a Japanese firm of eight billion dollars for the fiscal year just ended in March, a report said Wednesday.

The nation's leading automaker, due to release its annual results next Wednesday, was expected to see its pre-tax profit soaring 22 percent to 970 billion yen (8.08 billion dollars), the Nihon Keizai Shimbun reported.

The record-setting figure is due to brisk sales of new cars at home and abroad, as well as tough cost-cutting measures, the business daily said.

"It seems that the yen's depreciation towards the end of the fiscal year (to March 2001), inflated the pretax profit level by tens of billions of yen, that is for sure," West LB Securities senior analyst William Nestuk said.

"But, I just cannot explain the rest of the elements that drove the profit line that high," he added.

A Toyota spokesman declined to confirm the report.

Lanka to review new investment tax breaks

REUTERS, *Colombo*

Sri Lanka will streamline incentives for foreign investment as part of the government's drive to improve tax revenues, the country's main investment promotion body said Wednesday.

The government, in a letter of intent sent to the International Monetary Fund, said it planned to stop giving new tax incentives under the Board of Investment (BOI) from the beginning of 2002.

"What was committed to companies and what can be given under the ambit of present regulation will continue," said Tuli Cooray, deputy director-general of the BOI.

The board grants tax holidays that can extend up to 20 years, a considerable period compared to those offered by other emerging countries.

"Starting with the 2002 budget, no new tax incentives will be provided by the Board of Investment, which will be subsequently eliminated, and the granting and monitoring of all tax preferences will be consolidated to the Inland Revenue Department," the government said in its letter to the IMF.

Under the BOI Act, the BOI can grant exemptions for investors from the Exchange Control Act, the Inland Revenue Act and the Customs ordinance.

Under a "one-stop shop" approach the BOI was also able to sort out matters of repatriation of earnings and give duty waivers on imports for investors.

Sri Lanka raised $175 million in foreign direct investment last year, which is low level compared to what most economists see as an achievable target of around $1 billion to $2 billion annually.

GCC finance ministers to meet IMF boss

REUTERS, *Manama*

Gulf Arab finance ministers and central bank governors will hold a joint meeting with Managing Director of the International Monetary Fund (IMF) Horst Koehler in Bahrain on Saturday, a Gulf official said Wednesday.

Ajlan bin Ali al-Kawari, Assistant Secretary-General for Economic Affairs at the Gulf Cooperation Council (GCC), said in a statement the meeting will discuss world economic developments and moves by GCC member states to make their economies more competitive to lure foreign investments.

The GCC groups Saudi Arabia, Kuwait, Bahrain, Qatar, Oman and the United Arab Emirates.

Saturday's meeting comes ahead of a summit by Gulf Arab leaders in Bahrain on May 14.