

## WB okays \$665m loan for 4 Indian projects

REUTERS, Washington

The World Bank Thursday approved \$665 million in loans for four projects in India aimed at reducing poverty and improving transportation.

The projects approved by the bank's decision making board include a \$250 million loan for Andhra Pradesh state and a \$100 million loan for Karnataka state. Both loans back structural adjustments including fiscal reforms and efforts to make government more transparent and efficient.

The loan for the Andhra Pradesh state is accompanied by a \$65 million pound grant from Britain.

"There is broad agreement in India on the need for reforms at the state level to accelerate growth and poverty reduction," World Bank Country Director for India Edwin Lim said in a statement. "Both Andhra Pradesh and Karnataka are reform leaders among India's states."

Lim said both projects "aim to help the two state governments reduce poverty more rapidly." "If these states can establish a more stable fiscal position, boost their allocations to priority social sectors and function transparently and effectively, this will all contribute to a more rapid rate of poverty reduction and improvements in social indicators."

The bank also approved two transportation loans, one worth \$255 million for Kerala state, the other a \$60 million loan for roads in the state of Mizoram.

Kerala state, on India's southwest coast, has the highest rate of road accidents of any Indian state. The project is aimed at enhancing road capacity and providing safety programmes. An estimated 1,600 kilometers of roads will be rehabilitated or expanded under the project over the next 5 years.

The Mizoram project will expand or rehabilitate over 700 kilometers of roads over the same period.

The World Bank hopes the poor will benefit from better roads because they will have better access to schools and hospitals, lower costs of goods and services and better access to markets for farmers.

## Merrill Lynch closes 19 branches in Japan

AFP, Tokyo

A unit of US investment bank Merrill Lynch closed 19 branches in Japan on Friday, laying off 1,200 of 1,700 staff from its retail operations.

"We will close the branches today. It is part of our efforts to restructure our retail business," said a spokesman for Merrill Lynch Japan Securities Co. Ltd., a wholly-owned subsidiary of the US investment bank.

Merrill Lynch started its retail business in Japan in 1998 when it took over operations from failed brokerage Yamaichi Securities Co. Ltd. and ran 28 branches nationwide.

But in January Merrill announced it would shut down 20 outlets to consolidate its loss-making retail operations into eight branches. The company closed one branch in Tokyo last month.

"Since we started the retail business in 1998, we incurred some 20 billion yen (155 million dollars) in losses every year," the spokesman said.

Merrill Lynch's corporate shake-up followed the retreat of several large foreign brokerages from some share dealing operations in Japan, which has been hit by a severe decline in the local stock market and a deepening recession.

In December, France's Societe Generale Group pulled out of online stock trading in Japan due to lacklustre demand and a poor economic climate.

Morgan Stanley Dean Witter and Co. said in November it was also withdrawing from Japan's retail brokerage market just 10 months after launching the business in Tokyo.

## Thai economy may grow 3.4pc this year: Govt

AFP, Bangkok

Thailand's economy is expected to grow by 3.4 per cent this year after posting 1.8 per cent year-on-year growth in 2001, the finance ministry said Friday.

The prediction topped forecasts made earlier by Thailand's central bank, which in January tipped two to three per cent growth in 2002.

The finance ministry's prediction was supported by surprisingly healthy fourth quarter gross domestic product (GDP) growth of 2.2 per cent, despite fallout from the September 11 terrorist attacks, said spokesman Satit Limpongpan.

Satit said the terrorist strikes on the United States and the subsequent Afghanistan campaign affected the economy in the short term but was not expected to damage the recovery in the medium to long term.

In January the ministry announced it expected the Thai economy to grow by two to four per cent in 2002 due to ongoing government stimulus measures.

# Chittagong tea auctions weather global slump

NURUL ALAM, Chittagong

Bangladesh's tea witnessed an increased price and volume of sale in the auctions here in the port city despite slump in the country's overall exports amid global recession coupled with the last year's terrorist attacks on the US and the Afghan War.

During the current season, 44.5 million kg of tea was sold in 42 auctions held here till first week of this month with an average price of Tk 58-70 per kg as against 42 million kg in the corresponding number of auctions in the previous season with an average price of Tk 58 per kg.

President of Tea Traders Association of Bangladesh (TTAB) Feroz Ahmed said tea weathered the crisis arising out of global recession and the attacks on the US.

"Initially, Afghan buyers disappeared which caused a plunge in prices of tea, but later tea prices picked up," said Feroz, adding that the country's tea

enjoys strong home support.

Qamrul Islam Chowdhury, General Manager of British tea company James Finlay Ltd, said the gloom is now over as our domestic market of tea is very strong this season.

Rasul Nizam, Managing Director of a leading broker house here, said our internal buyers played an important role in the auctions.

Meanwhile, tea production also recorded an increase due to a favourable weather condition this season, growers and brokers said.

In 2001, the country produced 55 million kg of tea as against 52 million kg in 2000.

Nasiruddin Bahadur, a tea garden owner, said, "We now take more care to raise the yield as well as to improve the quality to compete in the auctions for attracting both domestic and foreign buyers."

There have been 156 tea gardens in Bangladesh, which exports tea to some 25 countries.

# Dhaka Meet on sustainable development begins today

STAR BUSINESS REPORT

Speakers at the launching ceremony of a three-day workshop said economic disparity between the rich and the poor has increased over the past 10 years in the world.

"Only 20 per cent people controlled eighty per cent of the total wealth in the world ten years back, but now they have 86 per cent of the total wealth," said Dr Qazi Kholiquzzaman Ahmad, Chairman of the Bangladesh Unnayan Parishad (BUP).

Ahmad was chairing the launching ceremony of Dhaka Meet on 'Sustainable Development in Bangladesh: Achievements, Opportunities, and Challenges at Rio+10' at Bangladesh Institute of Administration and Management (BIAM) in the city yesterday.

Former finance and planning minister AMA Muhith attended the function as guest of honour while Dr Mustain Billah made a presentation on the topic. Reazuddin Ahmed, Director of the Department of Environment, also spoke on the

occasion.

According to BUP, the Dhaka Meet beginning today will cover 22 workshops, which will be participated by policymakers, policy implementers, business leaders, academicians, development scientists, community and social workers, leading politicians and representatives from UN agencies and donors, among others.

The purpose of the Meet is to review the status and progress of sustainable development in Bangladesh, generate key messages towards strengthening national commitment and find out the best possible way for the sustainable development.

AMA Muhith said the arsenic issue has emerged as a big problem for the nation but policymakers are not serious about it.

"We need a proper habitation system and planning because the country's wealth will not increase but the population would go up," he said.

The number of growth centres rose to around 2100 from 1400 and

all the necessary services should be available at these centres, the former minister said.

In his speech, Dr Qazi Kholiquzzaman Ahmad, who is also the Chairman of the Dhaka Meet Steering Committee, said only 10 per cent of the GDP comes from tax revenue but even Nepal's income from this head is higher than Bangladesh's.

"As our average GDP growth rate over the past five years was 5.5 per cent, it may be considered an important achievement and reduction of population growth rate may be another success," he felt.

Reazuddin Ahmed said the country adopted an environment policy in 1992 and it was also accepted in the Rio Convention.

"But the policy has not yet been implemented properly and now it needs to be updated. We should have our own strategies to implement it as we would not be able to go ahead with the donor-driven programmes," he observed.

## Pakistan prepares for privatisation of state oil firm

AFP, Islamabad

Pakistan's privatisation commission on Thursday invited investors to submit expressions of interest in a 51 per cent stake in the country's leading oil company.

As part of an ongoing privatisation drive, the commission is selling the majority stake in Pakistan State Oil (PSO) together with management control, state-run Associated Press of Pakistan said.

The firm's assets are valued around 30 billion rupees (500 million dollars) and it booked a profit of 2.2 billion rupees for the year to June 2001.

PSO, which has a more than 70 per cent share of the local oil market, is at the top of Pakistan's privatisation plans.

The government is also planning to sell majority shares in state-owned Pakistan Telecommunication Co., Karachi Electric Supply Corp. and Oil and Gas Development Co.

President Pervez Musharraf, who seized power in 1999 promising to revive the country's ailing economy, has pledged to use privatisation funds to generate revenue for debt-ridden state finances.

## OECD grants China observer status

AFP, Paris

The OECD on Thursday granted China observer status for the first time to participate in talks on the economic organization's scientific and technological policy.

The Organization for Economic Cooperation and Development invited China to attend a meeting of its committee for scientific and technological policy (CSTP) set for March 19-20 in Paris.

Observer status in the committee "will provide a fresh impetus to the government's efforts to enhance contribution of science, technology and innovation to China's economic development," the OECD said in a statement.

China became a member of the World Trade Organization late last year.

# 2 firms plan to go public to raise Tk 16.8 crore

MUSTAK HOSSAIN

Two companies -- one in cement sector and the another in investment finance -- plan to raise Tk 16.8 crore from the capital market through Initial Public Offerings (IPOs).

Padma Cement Limited (PCL) plans to float an IPO to raise Tk 13.8 crore as its working capital, company officials said.

"The company is awaiting approval of the Securities and Exchange Commission (SEC) for issuing the IPO," a high official of the company said.

The company, which hopes to

get its shares listed with both the Dhaka and Chittagong stock exchanges, will raise Tk 10 crore from institutional investors under pre-IPO placements.

PCL started commercial operations in April last year with an annual production capacity of 215,000 tonnes and posted a net profit of Tk 45 lakh in 2001.

Bangladeshi manufacturers produce over 10 million tonnes of cement annually, according to industry sources.

On the other hand, Islamic Finance and Investment Limited (IFIL), the country's first shariah-based investment company, plans

to raise Tk three crore next year, a key company official said.

"We have planned to float the IPO in the middle of 2003 as part of statutory reason and expansion of business," Mohammad Azizul Huq, adviser of the IFIL, said.

He said the IFIL started formal operation last month with Tk 10 crore cash in hand to finance investments.

The IFIL will also be listed with both the DSE and the CSE, company officials said.



PHOTO: JALALABAD GAS

The 15th annual general meeting of Jalalabad Gas Transmission and Distribution System Ltd was held at Petrobangla board room in the city on Thursday with Chairman of the company's Board of Directors Syed Sajedul Karim in the chair. The company made a pre-tax profit of Tk 14.50 crore during the year 2000-2001.

# WB sees modest South Asia recovery this year

REUTERS, Islamabad

Struggling South Asian economies can expect better crop production to lead a modest recovery in 2002, pushing average growth to 4.9 per cent from 4.3 per cent last year, the World Bank said.

Highlighting findings in its Global Development Finance 2002 report, the World Bank said industrial sectors would benefit from higher spending by farmers reaping larger harvests.

"Agricultural output is expected to improve in the first half of 2002," it said in a statement.

"This should have a stimulating effect on the industrial sector, particularly the durable goods sector, because traditionally farmers tend to buy big ticket items during periods of good harvest and consequently increased incomes."

The World Bank said that while developing countries suffering from a global economic slowdown were likely to see a rebound this year, growth rates would remain too low for rapid poverty reduction.

It said foreign direct investment (FDI) in South Asia rose 35 per cent to \$4.2 billion in 2001 but the figure accounted for a low 0.5 per cent of gross domestic product (GDP).

"The relatively small FDI flows into the region reflect, in part, little progress in privatisation, glacial industrial regulations, and slow reforms in the labour market," it said.

FDI flows in the region were proportional to GDP, with 75 per cent going to India and roughly 10 per

cent each to Pakistan and Bangladesh, the statement added.

The World Bank expects global economic growth to reach 1.3 per cent this year compared to 3.9 per cent growth in 2000 -- the sharpest slowdown in 30 years.

The developing world will lead the recovery, it said, with East Asia expected to expand 5.2 per cent in 2002 and 6.9 per cent in 2003.



PHOTO: AFP

Japan's Casio Computer employee Yukie Hada displays the world's smallest megapixel digital camera "Exilim EX-M1", measuring 88 x 55 x 11.3mm and weighing only 86g, at the company's headquarters in Tokyo yesterday. The Exilim EX-M1 is also equipped with an integrated MP-3 player and a movie player with sound and recording function. Casio is expecting to put it on the market in this summer with an estimated price of 310 US dollars.

## Weekly currency roundup

March 9-14, 2002

Trading in the local foreign exchange market was moderate. Demand for dollar was steady.

In the weekly treasury bill auction, Bangladesh Bank accepted treasury bills worth of BDT 5.42 billion. The government accepted BDT 4,915 million at 4.72 per cent for 28-day T-bills, BDT 5 million at 5.27 per cent for 91-day T-bills, and BDT 500 million at 9.32 per cent for 5 year T-bills. Demand for BDT for overnight borrowing at call was steady throughout the week and the call money ranged between 10 and 13 per cent.

In the beginning of the week, yen nudged lower in the international markets driven by talk of intervention from Japanese monetary authorities. The yen's recent surge to 128 levels was not a welcome trend by Japanese officials, despaired by the anticipated loss of competitiveness in the export segment. Euro remained subdued after it fell from the key level of 0.88 due to a report showing US jobless rate fell for the first time in seven months.

In the middle of the week, yen was tugged lower on verbal intervention from Japanese monetary authorities. The officials are increasingly revealed their displeasure, as yen became stronger. Euro was mostly range-bound, staying around previous levels.

Later in the week, yen gained some ground against dollar, but maintained caution amid concerns of Japanese officials over yen's recent strength. Market had muted reaction to a huge rise in Japan's current account surplus. The surplus in the current account, the broadest measure of trade in goods and services, recorded its biggest rise since 1985. Euro posted some gains against dollar due to data showing US retail sales grew only by 0.3 per cent against an expectation of 0.9 per cent.

At 1415 hrs on Thursday, Euro traded at 0.8794/97 against dollar, pound sterling at 1.4169/74 and yen traded at 128.82/83 against US dollar.

- Standard Chartered Bank

## AIB sacks six executives at US subsidiary

AFP, Dublin

AIB, the biggest Irish bank, said Thursday it would keep its top two executives but has sacked six senior managers at its US subsidiary Allfirst Financial after a serious breakdown in controls led to huge trading losses.

Resignation offers by chairman Lochlann Quinn and chief executive Michael Buckley had been unanimously rejected by the board, which endorsed its "full confidence in both men" after taking into account the findings of a report on the scandal, Allied Irish Banks (AIB) said.

The two chief executives insisted on Thursday that despite concern caused by the losses, which were announced at the beginning of February, the bank intended to remain independent.