#### Citibank further raises dollar buying rate

Citibank N A Bangladesh has decided to further increase their foreign currency buying rate, says a press release.

With effect from today, the US dollar buying rate will be raised by another 20 paisa to the exporters' and non-resident Bangladeshi remitters' benefit.

Last week, the bank increased their foreign currency buying rate by 20 paisa. The latest increase would result in a total of 40 paisa enhancement in Citibank's US dollar buying rate in less than two weeks

#### Prime Ins declares 14pc dividend

Prime Insurance Company Limited has declared a 14 per cent dividend for the shareholders for the year

The dividend was approved at the 6th Annual General Meeting of the Board of Directors of the company held in the city on Sunday, says a

The meeting was presided over by Md. Zakiullah Shahid, chairman

Among the directors, Ferdous Amin, Manzoor ul Karim, KM Khaled, Nazma Haque, Aynul Haque, M A Khalegue, M A Wahhab. Mizanur Rahman Mostafa, Dr. Tazin Afrose Shah, Farhana Chowdhury, Mainul Hug, M R Chowdhury, Tapan K. Podder, Md. Shahadat Hossain, Shah M. Hasan, Alhaj Abdul Gaffar Dubash, Shah Alam and Shamsul Alam, Managing Director Md. Hashmat Ali and Company Secretary M. Qamrul Munir were present at the meeting.

According to the annual report, the company earned a total premium income of Tk. 20.67 crore in the year 2001 as compared to Tk. 18.03 crore in 2000, an increase of 14.64 per cent only. The total asset of the company stood at Tk. 37.67 crore as against Tk. 34.82 crore in 2000.

Pre-tax profit increased to Tk 3.28 crore as compared to Tk. 2.71 crore in 2000 which represents 21.03 per cent increase.

#### Leo Burnett's new corporate slogan to be launched Aug 5

Leo Burnett Worldwide has articulated a refined corporate vision which will be unveiled on August 5 in conjunction with the agency's 67th anniversary, says a press release.

The new corporate vision statement "we create ideas that inspire enduring belief" -- reflects the agency's heritage of creating big ideas and iconic brands.

Founded in Chicago in 1935 with eight employees and three clients. today Leo Burnett Worldwide, Inc. (www.leoburnett.com), operates a global network of over 200 units across 83 markets, including 98 fullservice advertising agencies and a variety of specialty marketing services including direct, database and interactive marketing, sales promotion and brand consulting.

Bitopi, the local affiliate of Leo Burnett, is one of the pioneers in the industry having set up office in Bangladesh in 1968.

#### NBL's half-yearly conference held

The half-yearly conference of the managers and executives of National Bank Limited held at a city hotel on Saturday, says a press release.

Abu Taher Miah, chairman of the bank, inaugurated the conference. Rafiqul Islam Khan, managing director, M Nurul Islam, director of the bank, and Nadia Islam, alternate

director, also spoke on the occasion. Mustaque Ahmed and Mr Anwar Imam, deputy managing directors of

the bank, were also present

#### UCBL ups dollar buying Rates

United Commercial Bank Ltd has raised the dollar buying rate by 0.25 taka in compliance with the government instructions for facilitating remittances from wage earners abroad, says a press release. The new rate became effective

from July 25, 2002. The new rate will be Tk 57.65 per

US dollar instead of Tk 57.40 per US

The exporters will receive Tk 57.45 per US dollar instead of Tk 57.20 against negotiation of export

# Govt plans rationalisation of power tariff structure

STAR BUSINESS REPORT

The government is working on a plan to 'rationalise the tariff structure' in the country's power sector and Power Division has been entrusted with the responsibility to prepare a proposal

State Minister for Power Iqbal Hasan Mahmood yesterday disclosed this while speaking as the chief guest at a seminar on "Power Sector Reforms in Bangladesh" at the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) auditorium.

Mentioning consumers in rural areas have been purchasing power at a higher price than the city dwellers, the state minister indicated the effort would be to bridge the gap.

He however did not mention, in clear terms, whether the government's move is to increase the power tariff in urban areas or slash the rate in rural areas. And he did not also mention any timeframe for the

rationalising the existing tariff struc-

He only said, "There should not be any difference in tariff structure of power in rural and urban areas."

Mahmood also said the systems loss in distribution network in rural areas was less than that of in the urban areas.

Systems loss in Rural Electrification Board (REB) command rural areas was not more than fifteen per cent while it was around 25 per cent in the urban areas, the state minister said. The Power Development Board (PDB) and Dhaka Electric Supply Authority (DESA) command distribution in urban areas.

According to sources, PDB has been the worst victim of the existing tariff structure as it is selling power to DESA and REB at a rate that is lower than the production and transmission cost of PDB.

In FY 2000, PDB incurred a loss of Tk 209 crore for selling power to

DESA, REB and the country's agriculture sector.

Regarding the formation of DESA in 1991, the state minister said, "Formation of DESA created a lot of confusions among the people as they did not see any thing positive. Rather its performance drew a

negative impression."

Formed under an ADB prescription in 1991, the organisation has never earned profit. Rather DESA owes Tk 4600 crore to PDB.

"That is why we are studying the whole situation very carefully," the state minister said.

Presided over by FBCCI President Yussuf Abdullah Harun, the seminar was among others attended by Country Director of Asian Development Bank (ADB) Toru Shibuichi, Power Secretary Shamsul Alam and Managing Director of Power Grid Company of Bangladesh Ltd ANM Rizwan. S Chander, ADB's principal project engineer from Manila, presented

While making his presentation ADB's principal project engineer S Chander attributed DESA's failure to absence of required business environment and service condi-

"DESA continued to be the biggest loser despite reduction of systems loss", he said. He also observed that there should be a clear distinction between government's social objectives and the commercial function of power

The FBCCI president said the country's business community has identified three issues that are obstacles to the growth of the country's trade and commerce According to him, the issues are financial sector reform, Chittagong port situation and power supply



Md Zakiullah Shahid, chairman of Prime Insurance Company Limited, speaks at the 6th annual general meeting of the company held in the city on Sunday. Hasmat Ali, managing director of the company, is also seen in the picture

### US leaders to visit India to boost trade, economic ties

A string of leading US officials, among them Treasury Secretary Paul O'Neill, will head to New Delhi in coming months to boost trade and other bilateral ties between India and the United States, Colin Powell announced here Sunday.

"The two greatest, largest democracies in the world should be doing much more with each other, to talk to each other, get to know each other, increase trade," the US Secretary of State told a press conference.

Besides O'Neill also on the list of visitors is Under Secretary for Commerce Kenneth Juster and State Department officials Richard Armitage - Powell's deputy -- Christina Rocca and Marc Grossman.

Powell, on the second day of a twoday tour of South Asia aimed at reducing tensions between India and Pakistan over Kashmir, said it was

important that the leadership of India

and US "stay in close contact." "We really are looking for the broadest possible relationship with India ... We have deepened our economic dialogue ... (but) there is enormous potential for further trade," he told reporters.

US exports to India moved marginlly from 3.3 billion dollars in 1995 to 3.7 billion dollars in 2000, while India's exports to the US nearly doubled to 10.7 billion dollars over the same

US foreign direct investment in India fell from 737 million dollars in 1997 to 336 million dollars in 2000.

According to Indian government figures, the United States accounted for about 20 per cent of all foreign direct investment into India from July

1991 to July 2001 US investors and diplomats have regularly complained that despite tape presents a formidable hurdle.

Powell recalled that there were a number of areas identified by Indian Prime Minister Atal Behari Vaipavee and US President George W. Bush during their meeting in Washington last November that could enhance bilateral cooperation

New Delhi and Washington were already exchanging views on a number of issues ranging from Afghanistan, counter-terrorism, law enforcement, science projects and trade he said

He also warned against the dan gers of looking at India-US relations through the "prism" of events taking place in the disputed Himalayan region Kashmir and US relations with India's arch-rival Pakistan.

"We have to keep in perspective the broader (India-US relationship). I am not just here because of the crisis in the region, India is important to the United States." he said.



Abu Taher Miah, chairman of National Bank Ltd, speaks at the inauguration of the half-yearly conference of the executives and managers of the bank held at a city hotel on Saturday. M Nurul Islam, director, Nadia Islam, alternate director, Rafiqul Islam Khan, managing director, Mustaque Ahmed and Anwar Imam, deputy managing directors of the

#### StanChart, NBL sign collection service deal

Standard Chartered Bank, Bangladesh has signed National Collection Service (NCS) agreement with National Bank.

SAA Masrur, head of Corporate & Institutions of Standard Chartered Bank and M A Salam Bhuiyan, executive vice president of National Bank, inked the accord on behalf of their respective organisations in the city

on Thursday, says a press release. Muhammad A (Rumee) Ali, chief executive officer of Standard Chartered Bangladesh, and Rafiqul Islam Khan, managing director of National Bank Limited, were present at the signing ceremony along with other senior officials from both banks

National Collection Service (NCS) is the newest collection solution for the Corporate Customers of Standard Chartered, one which improves their cash flow through quicker turn-around in realizing receivables and at the same time providing them with updated infor-

NCS offers a centralised system for corporate clients who can maintain a single concentration account with Standard Chartered for all their countrywide collections.

Under this new agreement. Standard Chartered corporate customers will be able to use over 70 NBL branches across the country to

#### Prime Bank holds workshop on SME scheme

A day-long workshop on "Small and Medium Enterprise (SME) Credit Scheme" organised by Prime Bank Training Institute was held in the city recently, says a press release. The officers of different branches

working in credit operation took part in the workshop. Md Motior Rahman, senior executive vicepresident, opened the workshop as the chief guest.

It was disclosed in the workshop that credit facility to the tune of Tk 100 million was provided to 61 borrowers, of which there was no overdue loan.

Md Anwar Hossain, executive vice-president of the training institute in his speech put emphasis on enhancement of credit portfolio under the SME credit scheme since it helps create entrepreneurs and generate employment opportunities for the educated vouths.

Md Touhidul Alam Khan, AVP, Md Zahirul Alam, AVP, and AHM Morshed, In-charge of SME Cell, conducted the workshop as resource persons.



Salam Bhuiyan, executive vice-president of National Bank, on national collection service on behalf of their respective sides in the city on Thursday. Muhammad A (Rumee) Ali, chief executive officer-Bangladesh of Standard Chartered Bank, and Rafigul Islam Khan, managing director of National Bank, were present on the occasion.

### US economy strongest in the world, says O'Neill

reasury Secretary Paul O'Neill said Sunday the US economy remains "solid," and predicted a long-term recovery for stock markets despite the crisis of confidence that has pummeled Wall

crisis of continence with Street.
"I think we're going to have 3 to 3.5 per cent the active go out the end of this year. In the real growth as we go out the end of this year. In the first quarter we had 6.1 per cent, which was a great performance for our economy," O'Neill told Fox television.

expect that the second quarter will be somewhat lower but still a reasonable growth rate and importantly, fundamental, solid, moving forward in a good way."

He added, "My conviction is this: The US

economy is, without any doubt, the strongest economy in the world, and that gets reflected over estments in our economy."

Other top officials in the administration of President George W. Bush have been attempting to reassure investors and the public in the face of the most vicious bear market in decades. "I know that a lot of people out there are hurting. There's no question about it. They've lost

money in the stock market," Lawrence Lindsey, director of the president's National Economic Council, told ABC television. "But the fact is, employment is still high, real wages are growing, and that is really the key to

Speaking on NBC, O'Neill avoided any direct comment on the stock market turmoil, but said, "my job is to work on the fundamentals of our omy, and the fundamentals are really quite

But he brushed aside suggestions that he has the ability to calm jittery markets.

"I would challenge the notion that when markets are doing their thing, which they do on a regular basis, that someone can say some words that will somehow be a magic elixir," he said. "You know, if there are some who thinks that that's right, then they ought to say the magic-elixir

O'Neill said the economic fundamentals will eventually be reflecting in the financial markets.

"The US economy is second to none in the world and ... over time, people who ve have made their bet and invested in America have been big winners," he said. "And I think that will be true

When questioned about his visit to South when questioned about his visit to South
America, delayed as the administration pressed
efforts to get corporate reform legislation passed,
O'Neill said his trip to Argentina, Brazil and
Uruguay would take place "the week after this

one,"without giving a specific date.

The trip was announced earlier this month, but delayed as Congress tackled corporate

"They need to put in place policies that will assure that, as assistance money comes, that it does some good and it doesn't just go out of the country to Swiss bank accounts.

The comments came after a tumultuous week for global stock markets. After tumbling and sliding, US blue chips bounced back with an explosive mid-week rally that fueled optimism that the worst of the bloodletting may be over. The Dow Jones industrials managed to come out of its tailspin with a 3.06 per cent gain for the

week, closing Friday at 8,264.39 after a plunge of more than seven per cent in each of the past two In his Saturday radio address, Bush noted that after accounting and corporate scandals shook US markets, the US House and Senate "passed bipartisan reforms, increasing the penalties for corporate wrongdoers and creating tougher standards for corporate auditors so that inventors and constructions are truth the execution."

investors and employees can trust the accounting statements of their public companies."
This legislation "will help reassure Americans that our economic system is sound and fair," said Bush, adding that he was looking forward to

signing the measure into law this week Once signed, the Sarbanes-Oxley Act of 2002 will tighten oversight of auditors, stiffen penalties for errant executives and require greater accountability for financial statements from top corporate officers.



A R M Harun-Ur-Rashid, chairman of Continental Insurance Limited, presides over the 2nd annual general meeting of the company held in the city recently. Also seen in the picture are S M Abu Mohsin, vice-chairman, Md Yasin Ali, A B A Kakhrul Kamal, D Iqbal, Md Musa Meah, sponsor directors, and Syed Shahriyar Ahsan, managing director of the

### Market volatility unlikely to plunge Asia into new crisis

AFP, Bandar Seri Begawan

leaders and analysts believe.

US-led global market volatility is unlikely to plunge East Asian economies into a 1997-type financial crisis because the region is now protected by huge current account surpluses and foreign exchange reserves with low external debt risk, political

Aside from the strong economic fundamentals, East Asia has a network of six bilateral currency swap arrangements led by China, Japan and South Korea to ward off speculators intending to corner regional currencies, ASEAN Secretary-General Rodolfo Severino said here.

He said the current swap deals run up to 17 billion dollars, with eight more bilateral swap arrangements being negotiated in the region.

Severino was speaking on the sidelines of a meeting of ASEAN senior officials ahead of foreign ministers' talks beginning Monday.

Southeast Asian Nations (ASEAN) also wanted to expand a surveillance mechanism for macroeconomic trends in the region to cover China, South Korea and Japan "so that we are not caught by surprise and be alerted to serious problems that may arise" in East Asia.

"The problem now is things move

so fast and in such large scale because of technology and new financial instruments. Šo, trading is done fast, anonymously and on a big scale and this is very frighten-Dubbed the most vicious bear

market in decades, US financial market turbulence rocked stocks and currencies in recent weeks, with many of the Asian share benchmarks breaching psychological levels.

Some analysts ask whether East Asian economies, which have been forecast to post a moderate rebound this year from a slowdown in 2001 can cope with this persistent market

Others wonder whether the region is vulnerable to another 1997-type financial crisis, which

plunged the region into its worst

recession in history.

"The single most important risk to the current forecast of a moderate rebound in East Asia may arise from any continuation of the recent deterioration in the US financial markets during the balance of this year," the Asian Development Bank (ADB) warned in a report this month.

But ADB economist Srinivasa Madhur told AFP he did not expect the region to be swamped by more financial turmoil following the recent stock plunge.

"This is based on the many prudential indicators we have been watching," said Madhur, the principal economist at the ADB's regional economic monitoring unit helping ASEAN to track the macroeconomic trends in crisis-hit nations.

### Export-led Japan recovery may falter

#### Factory output falls for first time in 5 months

AFP, Tokyo

Japan's factory output in June fell for the first time in five months, the government said Monday, triggering fears its export-led recovery could

The 0.7 per cent slide from the previous month, contrasting with a revised 4.1 per cent rise in May, was due to a slump in orders for electronics and transport equipment, the Ministry of Economy, Trade and

However, it insisted industrial output remained on a rising trend

despite the June dip. which was largely due to a correction from strong figures in May.

"Auto exports for North America continued to be solid, while domestic consumption was dull. I don't think this trend has changed in June," said a ministry official.

"Output continued to rely on exports. There is still a downside risk from uncertainty over the US economy but, as far as I can see, no immediate decline in the US economy is likely," he said.

But economists remained wor-

ried about the sustainability of overseas demand. JP Morgan economist Ryo Hino,

said prospects for industrial activity in the near term remain bright due to growing exports but there were worrying signs with "recent data out of Asia indicating a significant slowdown in business activity," he

Electronics output fell 1.7 per cent in June, down from 7.8 per cent growth in May, while the transport sector output fell 1.6 per cent, compared with a rise of 5.7 per cent in the previous month

"Production in the (electronics) industry, which has been driving overall growth in recent months, will probably lose steam," economists Kunji Okue and Shuji Shirota from Dresdner Kleinwort Wasserstein said in a note.

Exports have fuelled recent recovery hopes in Japan. "However this rebound has been threatened by the latest trend of yen appreciation and growing uncertainty about the future of the US economy," they

## India's IT industry to be worth \$77b by 2008

AFP, New Delhi

India's software and services industry is on track to become worth 77 billion dollars by 2008 despite global economic challenges, the country's

main software body said Monday. Kiran Karnik, president of India's National Association of Software and Service Companies (Nasscom), said the local industry was on course to match expectations of a survey the association The Nasscom-McKinsey survey

predicted India's information technology (IT) industry would grow to 77 billion dollars in terms of total sales by 2008 on the back of strong exports worth 57 billion dollars, said Karnik. The market is currently worth 10.1 billion dollars.

"This calls for a compounded annual growth of 33-34 per cent each year which is tough but attainable for us. We are right on track,"

The expected growth rate would generate robust employment. "I see a tremendous revival of recruitment this year. By 2008, the

industry will directly employ two million people and provide work for an equal number of people indirectly through support services," Karnik

Nasscom added IT-enabled services would be the biggest driver for growth in the industry