

Feature

Banking and Finance

Privatization and Holding Company Operations

An Analysis

Khurshid Alam

Privatization has taken different techniques in different countries. While the forms vary, the goals and objectives remain unquestionably the same.

units under the operation are tradeable on the floor of the exchange after the allotment of the same has been made.

operational way through the units so divested. If the purposes have in essence been served then further moves under the same should indeed be accelerated.

most necessary to remember that privatization is a political process that has economic consequences, not the other way round.

no institution can hold more than a fixed percentage of the shares of a company. There are indeed a variety of ways to make the initial public offering.

purpose of privatization through equity sales to the general population. Once the political decision is made for divestments, key questions revolve then around financial matters for getting the correct valuation of assets, putting the assets up for sale at the right price and developing the facilities of the capital market.

Economic policy environment is also a related factor for consideration while making an assessment about the operation of the privatization programme.

relating to access to credit policies, inflexibility of wages and prices structure etc. This kind of environment obviously creates special problems.

Public policies in developing economies need to help promote the necessary conditions for economic growth. And the necessary elements here are savings and capital, educated people, entrepreneurs and organisation, technology and a well functioning state.

outcome of its operations, yet it does, of course, offer substantial ground for an evaluation of the related course of privatization in terms of its stated goals and objectives.

ing company scheme in relation to its stated objectives, cannot however be viewed as any irrelevance of privatization to the needs for improved and optimum economic operations.

Creating democracy of ownership in terms of the asset sales — the transfer of enterprises from the government to the private sector — is critical.

ently so that it does not become a monopoly and allow inefficiency to continue.

Spreading ownership more widely is one of the basic purposes of privatization through equity sales to the general population.

Oil Sheiks Must Keep the Barrels Rolling

The old debate about whether to sell more oil at lower prices or cut production and boost prices is about to be replayed at the Organisation of Petroleum-Exporting Countries (OPEC) meeting in Geneva.

GULF oil producers are set to play a decisive role once again in determining pricing and production levels in the Organisation of Petroleum-Exporting Countries (OPEC).

Armas, of Venezuela, says Iraq and Kuwait may remain out of OPEC's output accords for another year.

pump more. In August, the group's crude oil production soared to 23.69 million barrels a day — a 17-month high — as exporters geared up for winter demand.

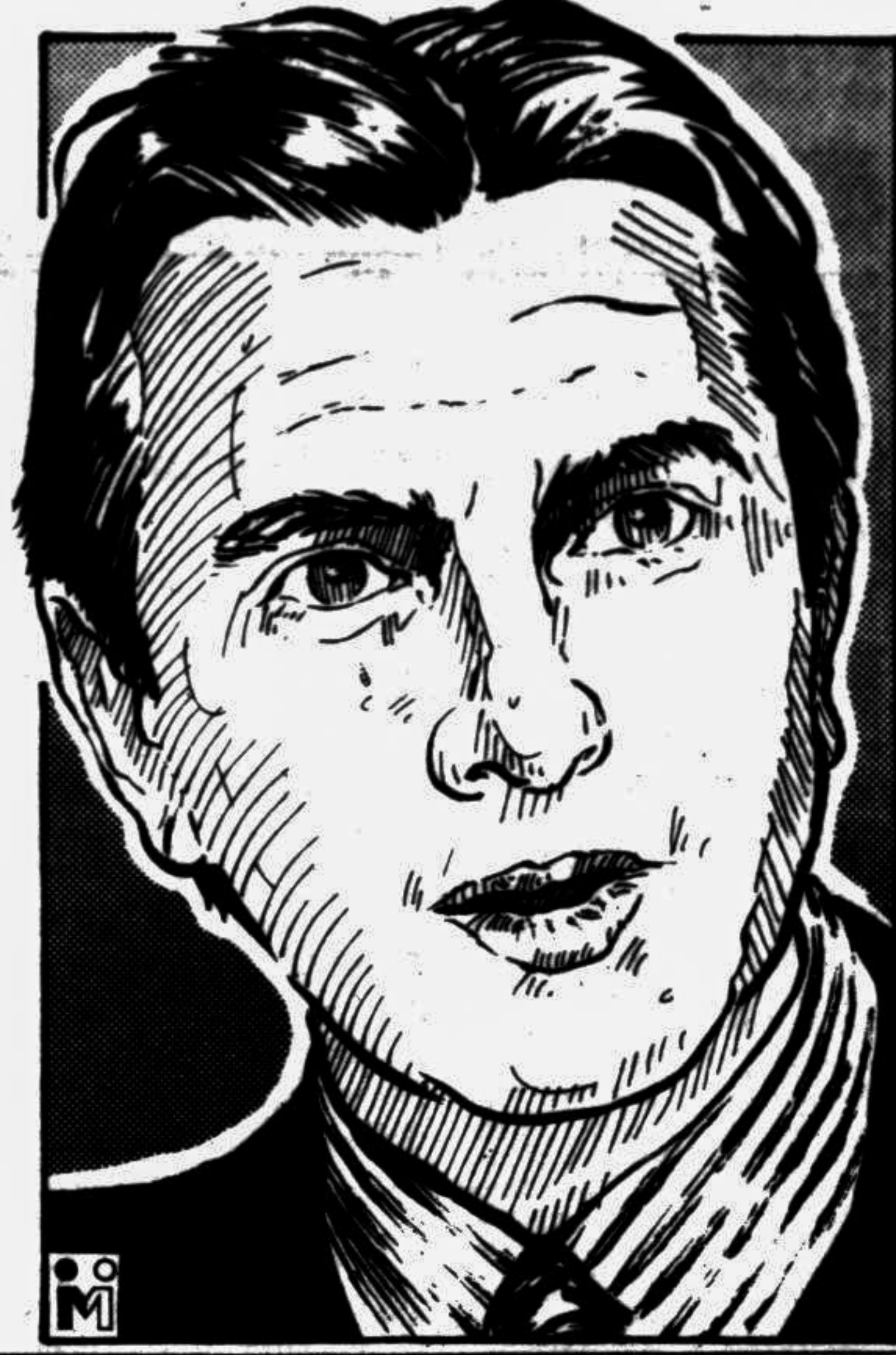
Japanese-Brazilians Flee Hyper-Inflation

UP to half a million Brazilians of Japanese origin have left for Japan in the past five years, fed up with the deteriorating economic situation and high inflation.

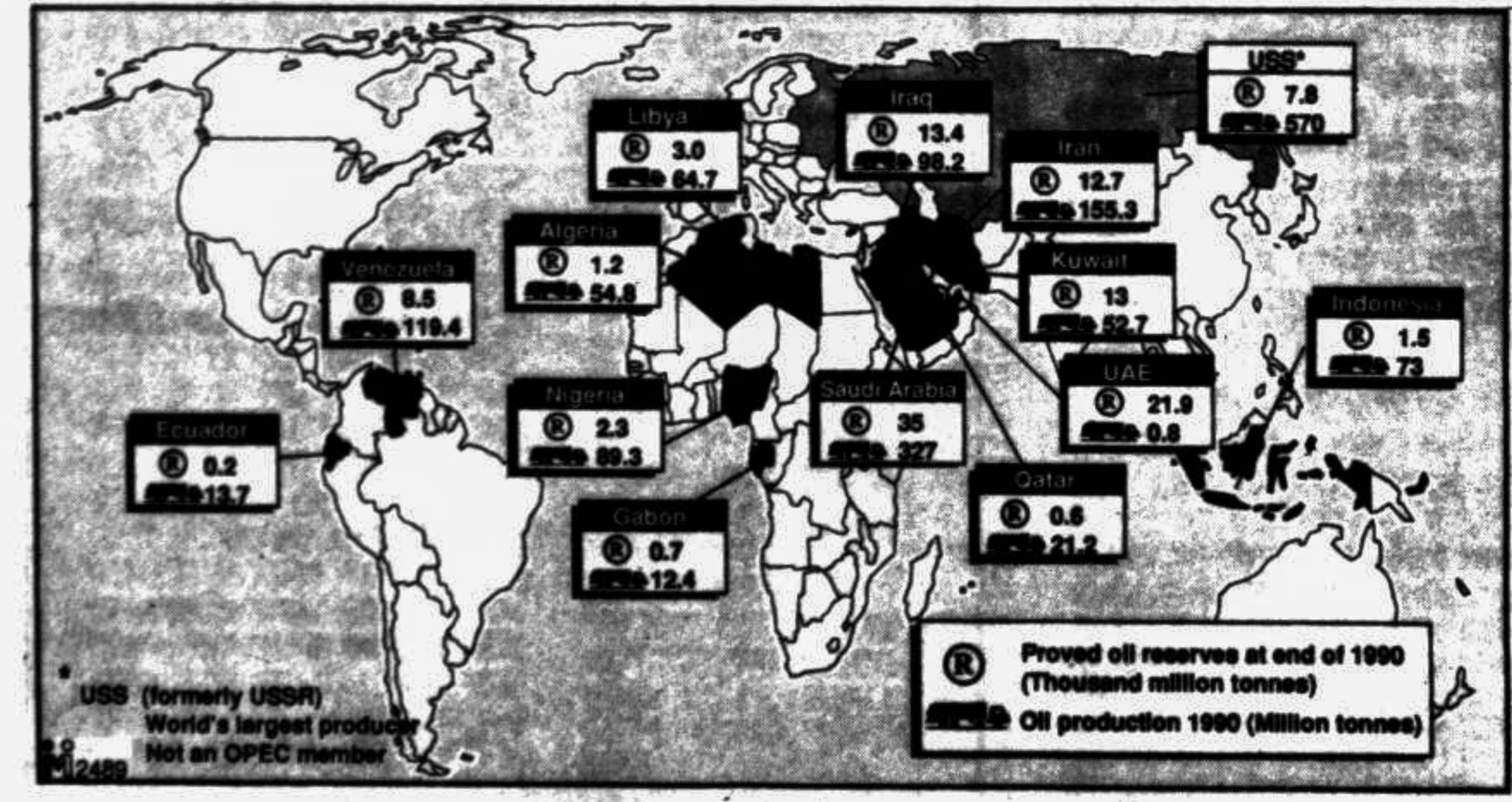
The Brazilian Government has just announced that its ambassador to Washington, Marcilio Marques Moreira, a former banker, is to become economy minister.

rice a year ago. Collor took what seemed to be the most drastic action possible in the effort to halt inflation.

best hotels, was amazed to find that his equivalent in India rides around on a bicycle.



While the public sector has proved as difficult as a loaded supertanker to change direction, speculators have found all sorts of loopholes in the freeze.



to keep the international oil market stable, so the focus when OPEC meets in Geneva will be on pricing policy and whether to boost production.

come the prospect of selling more oil, but the complicated process also means keeping a delicate balance between supply and demand to keep control of prices.

the Gulf War. The six Arab Gulf Co-operation Council states — Saudi Arabia, Kuwait, United Arab Emirates (UAE), Bahrain, Qatar and Oman — hold over half the world's proven crude oil reserves of 996 billion barrels.

Go to the wholesale fruit and vegetable markets and you will notice that the people delivering the food from the farms are mainly of Japanese origin.

Although the state sector was the main borrower on the financial markets, the government would be able to use the confiscated money to finance itself while it put its house in order.

Things were made worse by the injections of foreign capital which entered the country in the 1970s.

But with powerful groups such as banks with a vested interest in keeping inflation high, prospects are gloomy.

Kiwifruit: NZ Boom is Over

by Derek Round

success for New Zealand. New Zealand was the biggest producer of kiwifruit in 1985, contributing about 58 per cent of the 190,000-tonne world production.

should earn growers about NZ\$6 (US\$3.40) a tray. But growers say they expect only about NZ\$5 (US\$2.65), barely covering production costs.

million trays in 1990, or a quarter of New Zealand's total kiwifruit exports.

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