

Effective use of funds, reduction of system losses in public sector stressed

Consensus to promote investments needed

The participant at a discussion on "Resource mobilisation for stepping up investment in Bangladesh" at a city hotel on Tuesday called for a broad national consensus on issues relating to promoting savings, attracting investments, and utilising aid more effectively.

The discussion meeting, organised by American Bangladesh Economic Forum, was participated by the policy-makers (past and present), bankers, businessmen, civil servants, diplomats, politicians, non-government organisations (NGOs), professionals and representatives of the World Bank and USAID.

The participants suggested that hard options, not mere tinkering or soft-peddling, were an imperative need for tackling the major development problems for sustained growth under democracy and public accountability at all levels. The problems about reducing system losses in all public sectors, efficient use of foreign aid and resources through their effective links with poverty alleviation and infrastructural development, and promotion of entrepreneurial skill and talent in the private sector are known to everyone, they said while stressing the need for identification of concrete ways and means for overcoming the same.

Presided over by S H Kabir, President of the Forum, the programme for the discussion meeting took the character of a brainstorming session with moot issues like and inefficient use of foreign and domestic resources, operational deficits of Bangladesh Railway, high leakages and wastages of Bangladesh Power Develop-

ment Board and other public sector bodies, and poor operations of the private sector dominating the proceedings of its session.

The key-note presentation on utilisation of foreign aid was presented by Moniruzzaman, a retired civil servant and former Secretary. Former Presidential Adviser and retired civil servant Chowdhury Aminul Haq made his presentation on domestic resource mobilisation efforts.

**Dr. Kamal Hossain** Taking part in the discussion, Awami League leader Dr. Kamal Hossain observed that the national goals and objectives were already identified and did not need any further elaboration. What the nation needs is a broad consensus on the means to realise the goals. The practice of patronage, embedded in the process of government under the authoritarian regime, led to subordination of the goals to personal rule, he stated.

**Syeduzzaman** Former Finance Minister Syeduzzaman said that economic development would not take place without hard actions. He suggested that the public sector organisations should not depend on allocations under Annual Development Programme or Government expenditure for their investment needs in the changed context. He felt that the donors, instead of tagging their lending programmes to many conditionalities, should only try to ensure that availability of external aid on an increasing scale are made available only on one condition—mobilisation of more public savings every year.

**Dr Rabbani** Dr Rabbani, a former civil servant, suggested for effective sector-wise planning for more efficient use of investment funds. The micro-enterprises or small-scale ventures should receive more and more support, he noted. He felt that the government should seek more debt relief for its past loan liabilities.

**Subid Ali** President of Bangladesh Chamber of Industry Subid Ali



Finance and Planning Minister M Saifur Rahman spoke on a discussion meeting on "Resource Mobilisation on Investment in Bangladesh" organised by American Bangladesh Economic Forum on Tuesday at a local hotel.

said that overemployment or excess manpower was one of the main reasons for losses in the public sector. He suggested that case studies should be prepared to identify the areas for effective actions for more efficient use of resources including foreign capital.

**Mahbubur Rahman** Mahbubur Rahman, President, Dhaka Chamber of Commerce and Industry, said that the operational line of demarcation should clearly be identified

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for private and public sectors for a market-oriented economy. Mere transfer or disinvestment of loss-making public enterprises to the private sector without creating the opportunities for survival of the existing units in the private sector will not serve any useful purpose.

**Kazi Fazlur Rahman** Former civil servant and Presidential Adviser Kazi Fazlur Rahman said that the particular types of foreign aid

maluddin Ahmed noted that there was no difference in approach to foreign aid over the last twenty years. The economic situation has not changed much despite the disbursements of twenty billion US Dollars in last two decades, he pointed out. Time is ripe for action on the basis of a stronger commitment to link sacrifices of the people with returns and an effective macro-economic framework for sustained progress, he added.

was no overplanning in the country. The planning discipline has been violated time and again because of wrong decisions at the political level, he said. One cannot dispense with planning even when the policy goals are for a competitive market-oriented economy with private sector playing the leading role, he observed.

Sohel Rahman

Chief of BEXIMCO Group Sohel Rahman said that the actual users in the private sector should be involved in planning process and consultations. The private sector is capable of implementing the large infrastructural projects provided the funds are made available on the same terms as are given to the public sector agencies, he observed.

B. Bank Dy Governor

Deputy Governor of Bangladesh Bank Mahbubur Rahman suggested that the role of the planning commission should be redefined if the private sector "is to be co-opted as the main engine of growth." The economic policy environment must ensure a fair amount of returns on capital, he noted.

Dr Rafique Uddin

Dr Rafique Uddin, a former chief of the country's largest public sector corporation, pointed out that the contributions of the public sector units to the public exchequer in the form of taxes and also to the banking sector through recycling of credits were quite encouraging. He said that wrong investment decisions for "other considerations" caused huge leakages of funds. He cited the case of rehabilitation scheme for Ghorashal Fertil-

izer Factory in this connection.

Abid Hasan

World Bank official Abid Hasan observed that lengthy decision-making process relating to projects and procurement operations thereof affected adversely the disbursements of project assistance to Bangladesh. About the aid conditionality of the bank, he said that the conditions were not unique for Bangladesh. The same or similar conditions are the standard practices of all developing countries because they are aimed at maintaining a stable macro-economic framework for sustained development, he maintained.

Iftekharul Karim

Iftekharul Karim, a businessman, suggested for privatisation on a larger scale to free the government of the burden of inefficiencies and losses in the public sector. He pleaded for a by-pass of the system losses.

Habibur Rahman

Habibur Rahman, a chartered accountant, observed that reduction of the unproductive current expenditures of the government would be one major way for generating more savings and investment funds in the country.

Al-Husseiny

Chairman of Bangladesh Public Service Commission S M Al-Husseiny, observed that the reasons for ineffective utilisation of aid should be identified. Bureaucratic practices at both donor and recipient ends, quality of aid as well as conditionality of aid are important points for consideration, he maintained.

Snippets

Indian currency slumps

**BOMBAY, July 2:** The rupee yesterday slumped to an all-time record low against the pound sterling following a sharp downward revision of 8.05 per cent in the exchange value of the Indian currency vis-a-vis the British unit, reports PTI.

The Reserve Bank of India fixed the current middle rate at rupees 37.37 per sterling as against rupees 34.36 on Friday last.

The rupee has also depreciated steeply against the yen, US dollars and deutsche mark.

The sharpest decline of 9.56 per cent was in respect of the yen while against the US dollar and deutsche mark the rupee value dropped approximately by 9.56 per cent and 8.78 per cent respectively.

Foreign purchases of US \$2.6b

**NEW YORK, July 2:** Net foreign purchases of US equities totalled about 2.6 billion dollars in the first quarter after five consecutive quarters of net sales, the Securities Industry Association said on Monday, reports Reuter.

The net foreign purchases were related to factors that included the US stock market rally, declining US interest rates and a rapidly rising dollar, said David Strongin, Director of International Finance at the association.

Nepalese currency may be devalued

**KATHMANDU, July 2:** Nepalese financial authorities and top officials of the country's central bank have decided to devalue the Nepalese rupee by eight to 10 per cent against major foreign currencies, sources said Monday, reports AFP.

An official announcement was expected later in the day.

The central bank of the Nepal Rastra Bank decided to devalue against hard currencies following the devaluation of the Indian rupee against key currencies including the US dollars and the British pound, the sources said.

\$30m World Bank loan for Indonesia

**WASHINGTON, July 2:** The World Bank Monday approved a 30-million-dollar loan for infrastructure improvements in Indonesia, the financial institution announced, reports AFP.

The loan, billed as technical assistance project for public, and private provision of infrastructure, is for 20 years, with a five-year grace period and a variable interest rate.

It will be used to improve power, telecommunications, transportation, water supply and sanitation, housing and other basic services in Indonesia.

Saudi oil company boosts output

**NICOSIA, July 2:** The Saudi Arabian oil company (Saudi Aramco) boosted crude oil production by 29 per cent last year to compensate for the loss of Iraqi and Kuwaiti oil exports, the firm said in its 1990 annual report, says AFP.

The company also increased production of natural gas liquids by 26.7 per cent last year, and announced the discoveries of five new sources of oil and gas in Saudi Arabia, the report said.

Crude oil production in 1990 averaged 6,257,600 barrels per day (BPD), up 29 per cent from 4,863,533 BPD the year before. At the end of 1990, production capacity rose to 8.5 million BPD.

Upbeat business scene projected in Malaysia

**KUALA LUMPUR, July 2:** Malaysian manufacturers are projecting an upbeat local business scene over the next 18 months, a survey shows, despite growing concern over infrastructural bottlenecks, labour shortages and other problems, reports AFP.

The 140 companies, responding to a recent survey by the Federation of Malaysian Manufacturers (FMM), said they would collectively invest what analysts believe is a record 4.2 billion Malaysian dollars (1.6 billion US) to expand operations before the end of 1992.

France removes Japan's blood from circulation

**PARIS, July 2:** The health ministry said on Monday blood sold to French transfusion centres by a Japanese firm had been removed from circulation because of fears it was contaminated, reports Reuter.

Health ministry spokeswoman Marie-Francoise Girard said the Japanese firm Terumo, which supplies France with about 30 per cent of blood used for transfusions, told the ministry last week certain samples could be contaminated.

Depreciation of Indian Rupee under IMF pressure denied

**NEW DELHI, July 2:** Finance Minister Manmohan Singh denied that India's sharp depreciation of the Rupee Monday had been made under pressure from the International Monetary Fund (IMF), reports AFP.

"There is no pressure on us from any quarter and nothing will be done under pressure which is not consistent with national interest," the Press Trust of India (PTI) quoted the minister as saying.

Manmohan Singh was speaking hours after the Reserve Bank of India (RBI) sharply lowered the value of the Rupee against four major currencies — the Yen, the Deutsch Mark, the US Dollar and the Pound Sterling.

The Rupee declined 9.7 per cent against the Yen, which traded Monday at 16.69 paise as compared to 15.22 on Friday, fell from 34.36 to 37.37 Rupees against the Pound,

21.01 to 23.01 to the Greenback and 11.66 to 12.71 against the Mark.

The Rupee (100 paise), has been sliding gradually against most major currencies but Monday's downward readjustment, called a de-facto devaluation by many bankers here, was the sharpest in recent memory.

"We are in a world of floating currencies and terms like devaluation have lost their meaning," PTI quoted Manmohan Singh as saying.

The Rupee is pegged to a basket of currencies and the RBI, India's central bank, has the authority to adjust the day rate.

India is currently seeking a hefty five to seven billion Dollar loan from the IMF and Manmohan Singh hinted strongly last week that the week-old government would accept any conditions for the

loan.

He said at the time that the Indian economy had to be restricted to pull the country out of a pattern of heavy current account deficits and to rectify its foreign exchange shortage.

In Bombay, the country's commercial hub, the chief executive of the foreign exchange dealers' association, Ananathkrishnan told PTI he expected the Rupee could drop to 30 to the Dollar.

"It is a positive corrective action to set right the balance of payments position," Ananathkrishnan said.

The president of the Bengal Chamber of Commerce, Abhijit Sen said in Calcutta that he saw the move as "the first in a series of conditionalities" set by the IMF.

He added that for industries like tea and jute, the measure would help with exports, but that it would be a stiff measure.

Iranian banking system to be de-Islamised

**TEHRAN, July 2:** The Iranian Banking system is undergoing "de-Islamisation" in an attempt to purge banking sector of inefficiency and adapt post-revolutionary Iran to international economics, reports AFP.

"We must establish competition among the banks to ensure their development and guarantee better service," Iranian President Ali Akbar Hashemi Rafsanjani said recently.

Several months ago banks embarked on an ambitious project of re-decorating individual establishments and also launched a thus far illegal publicity campaign to attract clients and spawn competition.

The Iranian authorities announced last week that registered securities, bearer bonds and credit cards are to help limit cash transactions for the first time since the 1979 Islamic revolution.

New Pak policy to boost export

**ISLAMABAD, July 2:** Pakistan launched a new trade policy on Monday to try to raise exports significantly after a warning that tough times could lie ahead, reports Reuter.

Commerce Minister Mohtam Naeem Khan told a news conference the government planned to increase export earnings to 7.66 billion dollars in fiscal 1991-92 beginning on Monday and to 15 billion dollars by 1995.

But he said in a televised speech on Sunday that prosperity could not be achieved overnight and that the nation was already under strain from past borrowings.

"Now we will have to tighten our belt, otherwise the whole economic structure can collapse with runaway inflation," he said. Inflation in the 12 months to May was about

Marked rise in DSE trading

**Star Economic Report** Dhaka Stock Exchange (DSE) witnessed a marked rise in trading on Tuesday with decliners domination on the floor.

In volume terms transactions stood at 4,333 from Sunday's 2,773. Traded issues valued Taka 2,67,933.00 compared with Sunday's Taka 2,82,938.75.

Transactions remained closed at DSE on Monday for Banking Holiday. DSE All Share Price Index, which to the broad indicator of price movements of all the listed stocks, declined to 310.1001 points from Sunday's 320.9147.

Transactions involved twentyone stocks. Of them eleven lost five gained and five remained unchanged at their previous quoted prices.

B.T.C. and Karim Pipe declined Taka 10.00 and Taka 3.00 to Taka 50.00 and Taka 112.00 respectively.

BGIC Insurance, Bangladesh Autocars, Bangladesh Thai Aluminium, Eastern Cables, Oxygen, Ambee Pharma, 5th ICB Mutual Fund, Sallham Textile and Beximco lost within the range between Taka 0.03 and Taka 1.00.

United Insurance gained Taka 1.90 to Taka 117.90.

Atlas Bangladesh, Peoples Insurance, Talu Spinning and National Tubes advanced within the range between Taka 0.25 and Taka 1.00.

Quoted Prices of Traded Stocks

Table with columns: Stocks, Price, Change. Includes entries for Beximco, Peoples, United, etc.

Price Barometer Essentials

Table with columns: Commodity, Price, Change. Includes entries for Rice, Vegetables, Pulses, Meat, etc.

Titas Gas Transmission And Distribution Company Limited. Tender Notice. Description of work, completion time, estimated value, etc.

Gold & Silver, Hides & Skin, Exchange Rates. July 2. Gold (Taka for 11.66 grams), Silver, etc.

Soviet oil output likely to be lowest in a decade. MOSCOW, July 2: Soviet oil production tumbled in the first five months of this year...

Oil consumption to rise by 1.5 pc annually. PARIS, July 2: World oil consumption will rise at an annual rate of only 1.5 per cent in the medium term...

Dhaka Stock Exchange Market Profile July 2. 134 Listed Stocks. 4 Gainers, 11 losers, 119 Unchanged.

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