

Indian govt delays statement on BCCI

NEW DELHI, Aug 6: The government Tuesday postponed a statement on allegations that aides of former Prime Minister Rajiv Gandhi held secret accounts with the Bank of Credit and Commerce International, reports AP.

Finance Minister Manmohan Singh, who was supposed to make the statement in Parliament Tuesday, said he will do so on Wednesday. "I apologise to the House. I need some more time to collect all the facts," Singh said.

U.S. Senate sub-committee investigating BCCI fraud was told that some Indian businessmen and aides of Gandhi held tens of millions of dollars in secret accounts with the bank, according to reports published here.

The bank also was a conduit to divert Indian foreign exchange to Pakistan, where it was used to buy arms, reports said.

No one has been specifically named in public. Gandhi, who was assassinated May 21 while campaigning, was not alleged to have personally benefited from the secret accounts.

"We need a comprehensive statement, because, the BCCI was known to be financing terrorists who are subverting the unity and integrity of India," said Charanjit Yadav, of the Janata Dal Party, repeating the opposition demands for a full explanation.

India accuses Pakistan of arming separatist militants in the border states of Punjab and Kashmir. Pakistan denies the allegation, but Kashmiri militants have admitted they got weapons and guerrilla training from Pakistan.

"Why is the government silent when the scandal has been in the news for the past one month," said Ram Vilas Paswan, another Janata Dal member.

The BCCI continues to operate in India from its office in Bombay. BCCI branches in several countries stopped its operations last month following allegations of banking fraud and money laundering.

The government offered to make a statement on BCCI's activities in India when the opposition raised the issue Monday in the Lok Sabha, the policy-making House of Parliament.

Several legislators alleged that India's central bank ignored warnings about BCCI wrongdoings in 1986. The warning came from the Enforcement Directorate, a Finance Ministry department that polices financial malpractice.

Indian Rupee devalued again

BOMBAY, Aug 6: The Reserve Bank of India (RBI) here today announced a further downward revision of the Rupee by 0.46 per cent in relation to the Pound Sterling, making the British unit costlier by another twenty paise, reports PTI.

The new middle rate now works out to Rs 43.75 per sterling as against Rs 43.85 previously.

The new buying and selling rates for spot delivery are 2.2914 and 2.2800 sterling per Rs 100, corresponding to Rs 43.64 and Rs 43.86 per sterling respectively.

The Rupee was devalued by 0.57 per cent yesterday.

Japanese-Iranian firms' deal on oil supply

NICOSIA, Aug 6: Three Japanese trading houses — Tomem, Marubeni and C Itoh — have concluded new pre-payment deals for term crude oil supplies with Iran's national Iranian Oil Company, the Middle East Economic Survey (MEES) reported yesterday, reports AFP.

The Nicosia-based Newsletter said the deals called for prompt advance payments of 150 million Dollars each by the three companies, with repayments in the form of oil supplies to begin in July 1992.

The repayment supply rate will depend on the price levels ruling at the time, but is expected to be about 30,000 barrels per day for each company, MEES said.

It also said a similar deal was being negotiated with the Sumitomo company.

"Previous pre-payment oil deals between NIOC and these companies had been fully paid off in oil supplies before the new arrangements were concluded," MEES said.

World Bank denies agreement on segregated account

A World Bank official Tuesday denied that the donor agency had advised the Bangladesh government to debar private sector jute exporters from loan repayment through 'segregated account' excluding the interest accrued to the principal, reports UNB.

The denial came when Neil C Huges, Senior Operations Officer of World Bank, now on a visit, met the Bangladesh Jute Association (BJA) officials at its office in Dhaka.

"We do not have any agreement, whatsoever, with your government regarding 'segregated account', said Huges, responsible for Industry and Energy Division in Asia region.

The traders have announced action programme including stoppage of raw jute purchase and export from August 21 to press home their demands, the main one being

the segregated account facility. BJA Chairman M A Mannan apprised the WB official of various problems the private jute traders and shippers facing.

Capt (Retd) Suzzat Ali, ex-Chairman of the association, Prof. Rezaul Karim, MP, and Rezaul Karim were among others present during the discussion.

Mannan highlighted governments wrong policies which entailed a loss of about 125 crore Taka upon the private jute exporters. Suzzat Ali briefed the WB official on the existing anomalies in credit financing by the banks in public and private sectors.

Huges assured that World Bank would recommend to the government to solve the problems facing private jute export traders of Bangladesh.

A report on the gamut of affairs would be prepared by the year end, he told the traders.

Saifur's statement contradicted

Star Economic Report
Sultan Ahmed Chowdhury, bar-at-law in a statement on Tuesday contradicted the statement of the Finance Minister in the Parliament that he had taken Taka 2.05 crore loan from Agrani Bank.

He said the industry of which he is a director has transactions with a particular bank and the bank credits against the company fluctuate every week with the stock position of the industrial concern. He denied that any loans taken from the bank were ever diverted to investments in any private banks by shareholders or directors of the industry.

NCCI welcomes industrial policy

Star Economic Report
The President of Narayanganj Chamber of Commerce and Industry (NCCI) Alhaj Fazlur Rahman in a statement on Tuesday welcomed the government for the newly announced industrial policy. He said the policy would give incentive for establishing industrial units and help recover the sick industries.

World Bank V-P calls on Shahabuddin Prompt steps for construction of Jamuna Bridge sought

The Acting President, Justice Shahabuddin Ahmed, on Tuesday urged the government to take prompt steps for the construction of the Jamuna Bridge for a balanced and rapid socio-economic development of the country, reports BSS.



Visiting Vice-President of World Bank Attila Karaosmanoglu called on Acting President Justice Shahabuddin Ahmed at President's Secretariat on Tuesday.

Bangladesh's special geographical position with the Jamuna River dividing the country into two halves calls for the bridge to come up to serve a long felt need," he told the visiting World Bank Vice-President Attila Karaosmanoglu when the latter called on him at the President's Secretariat.

The World Bank Vice-President said the donors had very significantly changed their posture to Bangladesh this year. "There is increasing interest in them (donors) to see that the democratic process and the rule of law in this country is strengthened," he added.

Attila said the World Bank was aware of the consensus among all political parties here about the need for the Jamuna Bridge. He said the bridge had to fit in to the development picture of Bangladesh and the cost estimate would be reviewed to ensure that there was a balance between its cost and benefit.

"We want to make sure that for every investment on the bridge there is at least 10 per cent return annually," he said.

Attila informed the Acting President that there was serious concern among donors about the high rate of wastage in the power sector.

He said Bangladesh could accumulate a resource of Taka two thousand crore annually by ensuring that loss incurring enterprises were at break even point.

The World Bank Vice-President said appropriate structural changes could be effected to check wastage in all sectors.

The Acting President told him that the government was trying to bring down the rate of wastage in the power sector to 20 per cent against the existing 41 per cent.

He appreciated the role of World Bank in the development of Bangladesh and hoped that increased help and assistance would be available from its development partners to step up its progress.

ERD Secretary Enam Ahmed Chowdhury, Secretary, President's Secretariat Mir Mustafizur Rahman and World Bank alternate Executive Director MA Sayeed were present.

UN group making plan for compensation from Iraqi oil

GENEVA, Aug 6: A United Nations working group will meet next month to develop a proposal for drawing compensation money from Iraq, according to a document distributed on Monday, reports Reuter.

After consulting with oil and financial experts, the group will discuss the best mechanism for ensuring payments to a UN Compensation Fund, which will eventually provide reimbursements for losses due to Iraq's invasion of Kuwait a year ago.

The group will then present recommendations to the second session of the governing council of the UN Compensation Commission, meeting in Geneva during the week of October 14.

The working group will comprise Governing Council members. The document outlining the programme of work was adopted by the council at its first meeting which ended on August 2.

The council adopted criteria for making payments to people who have suffered personal losses but decided it was too complex at its first meeting to decide how best to collect the money.

Executive Secretary Carlos Alzamora was asked to prepare two reports for the council by early September-one on Iraq's

oil production capacity and another on the financial aspects of holding the revenues from Iraqi exports.

He was directed to make use of experts on the oil trade and international financial transactions.

The council has to consider whether to take delivery of a certain percentage of Iraqi oil, or allow Iraq to sell all its oil in a monitored fashion and trust it to turn over a certain percentage of the revenues.

Eventually it will have to settle on the percentage to be used, but this will depend partly on the market situation and the needs for compensation.

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American reliance on foreign oil likely to rise sharply

WASHINGTON, Aug 6: America's reliance on foreign oil will continue to increase sharply over the next 20 years unless dramatic measures are taken to conserve energy and increase domestic production, the head of the Energy Information Administration said Monday, reports AP.

Calvin Kent, administrator of the Federal agency, said the United States will import about 70 per cent of its oil by the year 2010 "Unless there is a dramatic breakthrough or change in policy" involving conservation and domestic production.

Kent, whose agency gathers statistics and makes long-term market evaluations for the Energy Department, spoke at a forum on what has been learned about energy markets in the year since Iraq invaded Kuwait.

The consensus of panel members, representing government and industry, was that the market impact of the Gulf turmoil was blunted by continuing assurances of adequate oil supplies and the rapid end to the allied ground assault without serious damage to Saudi oil fields.

Edward Murphy, director of accounting and statistics for the American Petroleum Institute, also credited the government's decision to make available stocks from the Strategic Petroleum Reserve as a key to preventing panic buying and rapid price fluctuations.

A key difference between the latest energy crisis and those in the 1970s is that the government did not interfere in the market by controlling prices and supplies, said Murphy.

But even the limited market disruptions caused by the Gulf crisis, including sharp, temporary increases in oil prices last fall, focused attention on America's reliance on foreign oil. The disruptions prompted new calls by the Bush administration, some members of Congress and the oil industry to expand domestic production, including in the Arctic refuge of Alaska.

But energy legislation, which calls for limited new conservation measures and expanded production, has since bogged down in Congress with little expectation that a bill will emerge this year.

Kent said that without "a dramatic breakthrough" boosting domestic production and prompting increased conservation, the United States likely will import about 3.3 billion barrels of oil in the year 2010, about 1.2 billion barrels more than today.

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Japan to keep probing stock market

TOKYO, Aug 6: Japan's Finance Ministry said Monday it would continue investigating securities firms to see if they kept compensating favoured clients for market losses beyond March 1990, reports AFP.

Japan's four biggest brokerages — Nomura, Nikko, Daiwa and Yamachi — have admitted to covering 'stock-market losses sustained by selected clients, but only up to March 1990.

But Nobuhiko Matsuno, Director General of the Ministry's Securities Bureau, said the probe into suspected irregularities would delve into more recent months.

"The Ministry of Finance is now making a special investigation (even if) the securities firms said they have not made compensation after March 1990," he told foreign reporters.

Matsuno, who since the stock scandal broke last month has spent much of his time testifying before parliamentary committees, said current investigations were aimed at determining if compensation payments were made as a result of guarantees given by brokerages, which is prohibited under Japanese law.

He also said his administration was drawing up legislation that would make it illegal to pay damages for stock-market losses.

Fire at US refinery: oil prices to rise in New York

LONDON, Aug 6: A fire at a US refinery caused crude oil prices to rise in New York on Monday amid market concern that petrol supplies might be affected, traders said, reports Reuter.

The fire occurred at Lyondell Petrochemical Co's 265,000 barrel per day refinery in Houston, Texas, and crude prices remained firm even after the Company said petrol production at the plant would not be affected.

At 1700 gmt light US crude oil futures for September were 18 cents up on Friday close at 21.50 Dollars a barrel just five cents off the morning high in New York.

The London market was more subdued, with some traders anticipating a price decline in the short term. "The equity market is, as yet, unconvinced that the Fed will ease," said Gene Jay Seagle, Director of Technical Research at Gruntal and Co. "But as the conviction grows that a further drop in interest rates will occur, we will begin to see it pick up strength."

Not so Monday, when the Dow Jones Industrial average lost 17.22 points to close at 2,989.04.

By the end of 1990, unprofitable public enterprises had dropped 5,50,000 people from their payrolls, according to the official press.

The army, following a pull out from Cambodia in September 1989, demobilised about half a million soldiers.

A streamlining of the civil service claimed tens of thousands more jobs, and about 2,00,000 Vietnamese workers were repatriated after dramatic events eliminated their jobs in Iraq, the Soviet Union or eastern Europe, Tue said.

About 9,000 boat people have been repatriated from neighbouring countries, without the fishing boats that were the sole livelihood for some.

Polish Development Bank sold

WARSAW, Aug 6: Two major European banks on Monday bought the Polish Development Bank, and a third announced its intention to purchase shares, reports AP.

Finance Minister Leszek Balcerowicz said the purchases increased the Polish Development Bank's credibility with international markets and are vital for the integration of the country's economic development effort into European financial circles.

The bank is charged with providing advice and funds, mainly in the form of long-term loans and equity, for Poland's new private sector as well as incorporating foreign investment, channelling funds through local banks and

analysing credit risks — all functions new to Poland's woefully inadequate state banking system.

Credit National of France bought shares worth about 2.3 million Dollars and representing 2.5 per cent of the development bank's capital, while Investkredit of Austria bought 1 per cent for about one million Dollars.

Instituto Mobiliare Italiano declared it will subscribe for 2.5 per cent soon, Polish banking officials said.

Although their shares are small, the Western banks will take a joint seat on the Polish bank's supervisory board and participate in organising the institution's activities, officials said.

USSR reduces oil export taxes

MOSCOW, Aug 6: The Soviet government on Monday announced measures to reverse a decline in oil and natural gas production that has hit vital hard currency export earnings, reports Reuter.

The measures, discussed at a cabinet meeting last month, included a cut in oil export taxes to three per cent from 40 per cent, financial support and new pricing mechanisms.

Soviet oil output, the World's highest, has fallen steadily in recent years due to deteriorating infrastructure, backward technology poor management and lack of production incentives.

The new measures, published by the official Tass news agency, included an increase in wholesale prices for oil delivered to refineries.

Extra revenue from this will go into a special oil and gas industry stabilisation fund to support production capacity.

The fund will also draw resources from the introduction of negotiated market-linked prices on 10 per cent of oil and gas production.

A total of 2.6 million tonnes of oil output can be exported at negotiated prices for hard currency this year if deliveries to refineries are at least 456 million tonnes, with 70 per cent of the revenue going into the stabilisation fund.

Soviet oil production fell to 570 million tonnes last year from 607 million tonnes in 1989 and industry experts have predicted further declines.

For 1992, the government said it would work out new state-controlled prices for oil and gas, taking into account the cost of production.

The measures were discussed over the weekend during a federal cabinet meeting which included the head of government of the Soviet republics, with the exception of Lithuania.

The Decree caused for all public establishments and Soviet State businesses dealing with foreign trade to give priority to imports of consumer goods.

The Cabinet of Ministers change the level of import and export duties — so as to create favourable conditions for the importation of consumer goods, food and pharmaceutical products," the Decree said.

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Kuwait lifts banking restrictions

KUWAIT CITY, Aug 6: Kuwait has lifted restriction on banking activities imposed in February after the liberation of the Emirate from Iraqi occupation, the central bank Governor, Salman Abdel Aziz al-Sabah said, reports AFP.

The central bank Governor denied reports that several financial institutions were facing difficulties, saying that "all Kuwaiti banks were in good shape. No country in the world can offer the guarantees we're giving on deposits."

He told reporters that under the measure, which takes effect Saturday, depositors were now "free to withdraw, deposit or transfer any amounts they wished, without limits."

He said the Emirate guaranteed deposits registered before the Iraqi invasion last August as well as the payment of all interest accrued since then.

Total private sector deposits are 4.8 billion Dinars (about 16,800 million Dollars) owned by Kuwaitis and non Kuwaitis," he said.

"Banks are free to offer the interest rates they wish, but we will intervene if the rate drops below 7.5 per cent," he said adding that the number of deposits increased dramatically last month, surpassing expectations.

In addition, the workforce in this country of 66 million has grown from 34 million to 35 million in the past two years, Tue said.

"More than a million young people join the workforce each year," he said.

Vietnamese authorities are hoping that large private enterprises like the Hai Phong Export Porcelain Works, which employs more than 2,000 people will take up the slack.

"Now we have the first private firms that employ more than a thousand people," said Tue, noting that the national assembly late last year scrapped size limits for private firms.

As a result operational costs rose from 477.3 million Dollars to 599.5 million Dollars, Gupta said, adding the improved profits for the year were the result of "prudent financial management."

During fiscal 1990-91 revenue rose 18.9 per cent to 625.7 million Dollars compared with 526.2 million Dollars the previous year, with income per ton-kilometre rising to 0.41 cents, up 24.1 per cent.

Gupta said he expected the coming fiscal year to be even harder particularly because of a drop in tourism in India due to political problems in the country.

Vietnam awaits free-market to curb jobless

HANOI, Aug 6: Far from being a welfare state, socialist Vietnam is counting on free-market policies to alleviate its massive unemployment problem, reports AFP.

Radical cuts in the public sector in the past two years have sent more than a million people onto a job market already swollen by legions of the young. Most have received little or no financial help from the state.

"They have to rely on their families, or get some kind of work right away—fixing bicycles on the street corner or cleaning motorbikes or cars," said one young Vietnamese man.

Ministry's Foreign Relations Department, said aid is provided to some categories of unemployed.

Some laid-off public employees received limited severance pay, while a recent 13 million dollar European Community grant was earmarked for repatriated boat people.

For the most part, however, Vietnam's cash — strapped government is counting on private enterprise to alleviate the massive unemployment problem.

sector create more jobs. "Before, everyone wanted to work for the state. Now, people want to work in private enterprises because they can make more money," Tue said in an interview.

Official figures released in April 1989 put the number of unemployed at 1.7 million, or five per cent of the workforce. Six million more were listed as under-employed, most of them in the countryside.

Tue said the number of unemployed now was "much higher," though he could provide no precise figure, simple arithmetic, however, suggests that the 1.7 million figure may have doubled since economic restructuring began.

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