India to auction 8-yr-old securities

BOMBAY, Feb 25: The Reserve Bank of India (RBI) announced the auction of eight-year government secu rities totalling 8,208.5 million rupee, the fifth auction of dated securities during the 1992/93 financial year ending March. The RBI said competitive bids should be submitted by February 26 for the stock to be issued units of 10,000 rupee, reports Reuter.

#### Pak foreign reserves rises to \$1b

KARACHI, Feb 25: Pakistan's foreign reserves rose to 1.00 billion US dollar in the week to last Thursday, up from 992 million US dollar in the week to February 11, the State (central) Bank of Pakistan said. The bank said it also had gold coins and bullion worth 653 million US dollar, reports Reuter.

Japanese-Chinese ship collide, sinks

TOKYO, Feb 25: A 2,037ton Japanese ship sank off western Japan Tucsday night after colliding with a 4,797ton Chinese container ship, and five Japanese crewmen were missing, the Maritime Safety Agency reported. A patrol boat rescued eight other crewmen of the Japanese ship Ryonan-maru, said an official of the MSA, Japan's coast guard, who spoke on condition of anonymity. The Chinese ship Zhong-Shan-Men suffered no major damage and all 29 crew members aboard were reported all right, the official said. The Zhong-Shan-Men was not in danger of sinking, he added, says AP.

> Grand bargain painting in NY

NEW YORK, Feb 25: Attention flea market shoppers. An American tourist in Bristol, England, was browsing at a "boot sale" when the visitor spent about three dollar on a painting of hummingbirds. The bargain-boot bounty turned out to be Martin Johnson Heade's \*Ruby Throats with Apple Blossoms." That beauty could fetch the unidentified tourist 50,000 dollar at Christie's sale of American paintings on March 11, according to the auctioneers, reports AP.

'Clinton, Greenspan to change Fed rules'

WASHINGTON, Feb 25: President Bill Clinton and Federal Reserve Board Chairman Alan Greenspan are preparing to change the priorities of federal bank regulation to break the back of the credit crunch, the Washington Post reported. The newspaper quoted sources as saying the strategy is to shift the focus of regulators away from rules that impede the lending needed to stimulate economic growth, says

#### Cost of restoring Castle \$58m

LONDON, Feb 25: The cost of restoring fire-damaged Windsor Castle will be be tween 30 million and 40 mil lion pound (43.5 million and 58 million dollar), National Heritage Secretary Peter Brooke told the House o Commons Monday night. The Nov. 20 fire swept the northwest side of the eastle 20 miles (32 km) west of London. It is the weekend home of Queen Elizabeth II and her family, as well as a major tourist attraction, says

NEW DELHI, Feb 25: The state run Indian railways Wednesday announced a 10 to 12 per cent hike in fares and freights to earn an additional 616 million dollar in the coming fiscal year beginning April

budget proposals for India's largest state-run operation Railway Minister Jaffer Sharie scrapped concessions in lives granted in the previous budget on a number of consumer goods.

The proposals triggered immediate criticism from opposition parties, including the Hindu Bharatiya Janata Party

Lal Krishna Advani, leader of the parliamentary group of the BJP, which is the main opposition party, said the "hefty" rise in both freights and fares were unprecedented and "back breaking".

Grains and pules, sugar, and diesel and crude oil were some of the items on which the previously granted lower tariffs ware withdrawn.

Passenger fares for distances above 100 kilometres (62 miles) were increased by ten per cent.

# Singapore economy picks up in '92, expects healthy growth during this year

SINGAPORE, Feb 25: Singapore's export-driven economy, buoyed by the US economic recovery, picked up steam in the fourth quarters of 1992 and expectations are for healthy growth this year, a government spokesman said on Wednesday, reports Reuter.

"Singapore's economy is likely to grow faster this year than in 1992 and overall expectation is the economic upturn in the United States is likely to continue into 1993," the Ministry of Trade and Industry's (MTI) spokesman told a news conference.

The MTI carlier said Singapore's gross domestic product (GDI') rose a real 5.8 per cent in 1992 against 6.7 per cent in 1991.

The MTI had projected 1992 growth at 5.5 per cent in November and Prime Minister Goh Chok Tong said on December 31 that 1992

growth had come in at 5.6 per cent. The government's longform target range is four to six per cent annual real growth.

The cause of the stronger than expected growth - which caused a rally on the local share market to record highs on Wednesday -- was continued strong exports in the fourth quarter, especially to the United States, Singapore's main market.

The better performance in the latter half of the year was aided by the gradual recovery in the US economy and stronger trade performance," the ministry said in a statement the MTI said year-ou year GDP growth hit 7.4 per cent in the fourth quarter, against a revised 5.7 per cent in the third and a low of 4.9 per cent in the second quar-

The MTI spokesman said that despite weak economic

trial countries, the US recov ery boded well for Singapore this year. The United States takes fifth of Singapore's total exports and more than a third of non-oil exports.

"If the growth continues in the US we will see a bigger impact on our economy," the spokesman said. "However, the recession and slow growth in other industrial economics may slow down the pace of recovery in the United States."

Singapore's external trade -- which at three times GDP puts it among the world's most trade-dependent states - rose only 2.2 per cent in 1992 to 229.88 billion Singapore dollar (135 billion US dollar), against 5.4 per cent growth a year carlier, but momentum picked up in the second half.

MII said the merchandise trade deficit widened to eight billion dollar (4.88 billion US dollar from 7.1 billion dollar (4.3 billion US dollar) in 1991. partly due to a sharp deteriora tion in oil refining margins. Singapore is Asia's largest oil refiner and the third largest in the world.

But as usual this deficit was countered by a strong surplus in services - at 13.8 billion dollar (8.4 billion US dollar), about the same as in 1991 and by strong investment in-

The capital account surplus rosc to 6.9 billion dollar (4.21 billion US dollar) last year from 5.1 billion dollar (3.1 billton US dollar) in 1991.

Overall, the island's balance of payments showed a net surplus of 9.96 billion dollar (6.07 billion US dollar) for the year against surplus of 7.26 billion dollar (4.43 billion US dollar a year carlier.

That overall rise in foreign reserves of almost 10 billion

dollar (6.1 billion US dollar) was also reinforced by the pri vate savings of the conservatively managed island. MTI said gross national savings rose to 35.3 billion dollar (21.52 billion US dollar) in the year which at 46.4 per cent of gross national product (GNP) re-

ings rate. Consumer prices, subdued by a strong Singapore dollar, rose only 2.3 per cent in 1992 after two years of 3.4 per cent growth.

mains the world's highest sav-

The MTI said unemploy ment rose slightly in the year - to 2.7 per cent at June 1992 - but job creation picked up late in the year. Productivity rose by 3.1 per cent against 5.7 per cent in 1991.

Manufacturing, financial business services and commerce - which together account for 75 per cent of Singapore's GDP - all posted healthy growth in late 1992,

the ministry said.

Manufacturing output, at 28 per cent of GDP the largest sector, rose 6.6 per cent yearon year in the last quarter. against 2.7 per cent in the third and a 0.7 per cent drop in the first - the first negative growth in manufacturing since the 1985 recession.

The MTI said renewed demand for electronics exports, notably from Japan and China, should stay strong this year. Financial and business services remain underpined by rising regional lending and increased local financial market activity.

It said that with growth prospects for the United States and East Asia improving in 1993, Singapore's economy should grow faster. But no specific estimate for 1993 expansion was given.

Finance Minister Richard Hu is expected to give that estimate on Friday when revealing the 1993 budget.

#### Trade issue to dominate Major, Clinton talks

WASHINGTON, Feb 25: British Prime Minister John Major arrived here on Tuesday for his first meeting with President Bill Clinton, with trans-Atlantic trade tensions likely to dominate the talks, report Reuter.

British officials said this afternoon's talks were expected to focus on the tortuous search for a GATT world trade deal and other Europe-US trade wrangles.

Clinton stirred this issue on Monday when he protested Against 26 billion dollar of subsidies he said European countries had channelled to aircraft maker airbus industry but one British official made clear major would contest that

The British official said the four countries that build the airbus passenger plane--Britain, France, Germany and Spatn - had provided upfront investment which was recouped with a levy on sales. "We do not regard that as a subsidy," he said.

## Drastic steps needed to pull India out of fiscal crisis

NEW DELHI, Fch 25: India's pro-market reforms are starting to pay off but more drastic steps are needed to launch the cconomy on a path of high growth, the government said in its annual pre-budget report Tuesday, reports AFT.

The economic survey introduced in parliament forecast a Gross Domestic Product (GDP) growth rate exceeding four per cent in the fiscal year ending March 31- more than three times the 1.2 per cent registered in 1991-92.

The 1992-93 GDP is provisionally estimated at 231.6 billion dollar at current prices.

The report said inflation would be kept to around seven per cent and deficits would be lowered significantly. It projected a 3.8 per cent increase in industrial production and a five per cent rise in agricultural output.

Both industrial and agricultural growth declined in the 1991-92 financial year.

The phase of crisis management is over," the survey said of the economy under the reform programme launched in July 1991 to pull India out of a deep fiscal crisis. "But a great deal remains to be done

The 218-page survey was presented four days before Finance Minister Manmohan

Dubai, Feb 25: US President

Bill Clinton's proposed energy

tax, which aims to reduce US

dependence on imported en

ergy, could jeopardise the sta-

ble supply of oil from Gulf pro-

ducers, industry sources said

on Wednesday, reports Reuter.

3.50 dollar on each barrel of

oil consumed in the United

States and aim to cut US ini-

ports by 350,000 barrels per

ried it will spur the European

Community to go ahead with

its won plans for a similar tax,

which could add 10 dollar over

10 years on the cost of every

ducers, who have been invest-

ing to expand production ca-

That might tempt Gulf pro-

barrel of imported oil.

Gulf oil exporters are wor-

day (BPD).

The tax would levy around

Singh unveils the 1993-94 budget, expected to consolidate the reforms which critics say were taflored to dictates by tries in the gigantic public sector and a gradual climination of subsidies which produce ige hole in government cof-



Clinton's energy tax may jeopardise

stable oil supply from Gulf states

international lending agencies. fers. The report called for a further cut in the budget deficit, closure of unprofitable indus-

pacity and maintain stable

supply, to cut back investment

in their oil sectors, the

It called for a simpler .tax and interest rate structure,

casier credit norms and lower

and invest their income in or-

der to maintain production

and prevent shortages around

the world," one senior Gulf-

our money we are going to be

punished," he said in refer-

ence to the tax, which by cut-

ting US oil consumption could

cut production, raise prices

and the consumer in the in-

dustrial world will suffer," he

been careful not make any di-

rect threats and official policy

remains that they are all work-

ing for oil supply and price

would make oil buyers pay

But they said the tax, which

Gulf governments have

"Gulf countries could then

weaken world oil prices.

"But while we are spending

based analyst said.

mport tariffs banking and stock market reforms and favoured movement towards a full float of the rupee to boost

The report said India's labour-friendly policy had ereated "some problems" and urged a social safety net to protect workers at risk of losing jobs from the closure of industries steeped in red ink.

Since coming to power in mid -1991, the Congress (I) party government has dismantled an array of controls over the economy and dangled incentives for foreign investors in a turn from four decades of semi-socialist insulation.

The survey projected imports in fiscal 1992-93 to cost 25 billion dollar and exports to earn 19 billion, leaving a sixbillion-dollar deficit.

Exports industrial output and tourism suffered because of Hindy-Muslim violence following the December 6 destruction of the Babri Mosque in Ayodhya by Hindu zcalots and more rioting in Bombay the following month, it said.

The economy was also dented by the massive bank swindle which surfaced in April following revelations that a banker-broker nexus had siphoned off public funds to play the stock market.

nearly twice as much per unit

than for natural gas, coal and

nuclear power, is discrimina-

tory in environmental and

single out one product. There

are other products which con-

tribute to the environmental

issue or the trade balance be-

tween nations," the analyst

environment than oil."

"Coal is more harmful to the

Saudi officials also indicated

"It is a low-cost source of

they thought the tax was un-

energy which is much less sig-

nificant in the balance of pay-

ments of the United States

than many manufactured

fairly weighted against oil.

"I don't think it's fair to

trade terms.

#### Indonesia. Germany sign \$ 66.28m loan accord

JAKARTA, Feb 25: Indonesia and Germany signed here Thursday an agreement on loans and grants totalling 110 million German mark (66.28 million dollar) and another covering cooperation on the environment, according to

The two agreement were signed during the visit here of German Chancellor Helmut Kohl who arrived Wednesday for a three-day stay as part of an Asian tour which has already taken him to India and Singapore. He will fly to Tokyo Friday before ending his tour with a visit to Scoul.

Under the first agreement Germany pledged an 84.4 million mark soft loan and a 25.6 million mark grant to improve the energy supply on Bali, Sumatra and the outer Indonesian islands.

Part of the money would also go towards upgrading the water supply on Sumatra, improving the country's commu nity health system and the control and management of lorest fires.

#### Norway to lift trade sanctions against South Africa

OSLO, Feb 25: Norway will lift most trade sanctions against South Africa next month because of progress in ending apartheid, the Foreign Ministry announced Tuesday reports AP.

A statement said the government will end boycotts on trade and investment on March 15. Embargoes on petroleum and arms sales to South Africa will remain.

"Political developments in South Africa are now on a positive track, after the South African government and the ANC (African National Congress) agreed to the main direction of the further transition to a democratic South Africa," the statement said.

The ministry said Norway will maintain pressure for South African reform. It promised help to hold elections, minimize violence, and provide increased educational and economic chances for blacks.

#### Soaring yen threatens to deepen Japan's worst crisis since WW II TOKYO, Feb 25: Just when fueled in large art by specula-

it looked like Japan's battered economy had reached bottom; the nation's currency has begun a record-shattering drive that threatens to deepen one of the worst downturns here since World War Two, writes Reuter

Business leaders and economists say the higher yen, which has climbed nearly six per eent against the dollar in just more than two weeks, would prolong the downturn and could even widen Japans already massive trade surplus "It is amplier handing,"

said Hajime Ohia. Director of International Economic Affairs at Keldanren, Japan's most powerful business lobby.

"The economy is still struggling to get back to normal with many companies suffering from over-capacity," he said.

The yen reached a record high of 115.88 in New York on Monday, up from 124.35 on February 8. In Asian trading late on Wednesday, it was around 116.60 The yen's climb has been

tion that major nations will attempt to engineer a longterm upward move in the currency to trim Japan's massive trade surplus. Finance ministers and cen-

Group of Seven have an ideal chance to agree on this when they meet in London this weekend But economists say Japanese officials at the meeting

tral bank governors of the

will strongly oppose such a policy, arguing it would slow down Japan's economic recov-Should the yen remain

stuck between 115 and 120 as many think it could, the recovery could be delayed by a quarter from when it was expected this fall, and growth would be cut by as much as 0.5 per cent private economists said.

That could mean more unemployment and more bankrupteies, especially among small and medium -sized firms that eannot adapt to currency charges as easily as big international firms.

### EC likely to take steps to help steel industry

BRUSSELS, Feb 25: European Community industry ministers will signal on Thursday what steps the EC is willing to take to help its ailing steel industry restructure and cover the costs of an estimated 50,000 job losses, reports Reuter.

But much of the hard bargaining on the plan will come latter.

Diplomats said the minis ters would endorse the main lines of a rescue plan proposed, last week by the European Commission exchange for EC money, import restrictions and other measures.

However, they said the ministers would adopt only political guidelines and not formal

decisions. The meeting will need to be followed up by specific proposals on financial aid and import arrangements with eastern Europe as well as the preparation by the steel industry of a

reorganisation plan that meets EC objectives.

One of the touchiest questions facing the ministers ishow to restrict steel imports' from eastern Europe, with Britain pushing to scale back the tariff quotas proposed by the commission from three vears to two.

However, final authority over trade agreements rests with foreign ministers so any language agree Thursday could

only offer guidance. The industry ministers are expected to call on the steel industry to come up with a reorganisation plan by the end of September which promises to climinate EC overcapacity, estimated at 30 million tonnes of crude steel and 19 to 26 million tonnes of hot-rolled prod-

In exchange, the EC would offer financial aid to cover retraining and unemployment schemes for laid-off workers.

ucts, by the end of 1994.

# Lanka's experience of privatisation of state owned bus service

goods," one officials said.

I visited Sri Lanka recently to attend a conference of South Asian Federation of Accountants. The theme of the Conference was "Regional Development - South Asian Perspectives". It was divided into three technical sessions e.g. Privatisation, Infrastructure Development and South Asian Preferential Trade Arrangement (SAPTA). Learned Speakers from Government, professions and business actively participated in the deliberations of the

conference. During my stay in Colombo, attempted to make an in-

rience. Services in Sri Lanka were

104 bus depots under the supervision and management of a Central Transport Board and period of 18 months commencing in December 1990. 85 out of 104 bus depots were converted into Peoplised Companies under the terms of the Conversion of Public Corporations into Public Companies Act and the Companies Act. The size of these companies, according to capital assets varied from Rs 20 million to Rs 70 million.

sor res said.

The staff strength ranged transferred to these compaa public corporation was note-50 per cent of the sharehold ing and the entire manageby the state.

Prior to 1958, Road

stability.

regional boards were created and private sector bus operations were again permitted. At the time of the take over from the private sector, the

CTB had 3,400 buses and a work force of approx 15,000 32 years later in 1990, at the time of peoplisation, it had 3,600 operating buses and 50,500 employees, a ratio of 14 employees to the bus. Their annual operating loss was over Rs 200 million. Besides, they faced severe competition from private operations. The CTB unable to meet day to day expenses became heavily dependent on the Treasury for both capital and recurrent expenditure. The situation created scvere budgetary problems.

By Jamal Uddin Ahmad

The failure of CTB was due to many reasons, some of which may be enumerated as

(b) Overhead costs were high because of proliferation; (c) The competition from the private sector operations

the fleet was not possible; (d) Lack of motivation and poor productivity reduced effi-

Many possibilities were considered to resolve this situation. One solution proposed was liquidating the regional boards and handing over the buses to the bus crews. Another was to privatise the regional boards by transferring ownership and management to private sector entrepreneurs.

had in its cadres capable and experienced staff whose skills were never properly utilised. It was therefore decided that, as a first step in restructuring. the bus depots of the transport boards be converted into peoplised companies and the entire management and 50 per

cent shareholding transferred to the employees. The transport boards with limited or no role to play were to be phased out gradually. The companies were to be run by Boards of Directors nominated from the senior staff with two elected worker representatives and one representative from the local banking sector.

To make this scheme successful government assistance was provided to meet the outstanding liabilities of the transport boards, make good the arrears of provident fund payments of employees, rehabilitate a sufficient number of buses to make the companies viable and to fund the costs of a voluntary retirement scheme to retire excess staff. To meet all or part of these expenses the assets owned by the transport board which were no longer required were sold. Funds were also generated from the sale of shares of the companies.

The Private Omnibus Transport Department was abolished and the responsibility for regulating bus operations both pepolised and private was transferred to the provinciai councils. A National Transport Commission has

been created as a body responsible for implementing national policy and providing guidelines to the provincial councils for the regulation and operation of buses. In mid 1990, by introducing a duty free import scheme with tax concessions and providing easy bank credit, the fleet strength of buses substantially increased. The present fleet strength of private buses is about 14,000. The majority of private bus owners do not own than 2 or 3 buses each.

All these measures were taken on the basis of a new policy where the state will not be involved in bus operations but con inc itself to laying down national policy and undertaking regulatory functions such as maintaining standards and the quality of service with the objective of safeguarding the bus travellers.

panies are now functioning quite satisfactorily. Some are in a position to declare dividends on their profits. 300 buses have been added to the fleet from their own resources. The overall revenue of all companies has increased by Rs

trage operated per day has increased by 100,000 km. The companies are assisted to opcrate uneconomic routes in rural areas and subsidised for providing concessionary school travel. A management reorientation and skills development programme with ILO/UNDP assistance has been launched to help these companies.

This bus sector restructuring programme has demonstrated the following positive characteristics:

(a) It created a body of motivated employees who are both shercholders and participants in management;

(b) It decentralised the operation of the bus sector to divisional levels and climinated high overhead costs and other wasteful expenditure and relieved the treasury of high an

(c) It helped to ensure healthy competition among operators both big and small while conforming to regulatory regimes and safe standards designed to safeguard and promote the public transport

(The writer was a Deputy Prime Minister of the Government of Bangladesh.)

### Indian railways raises fare, freight prices

1, say an AFP report. Presenting the new annual

> depth study of at least one sector which had undergone privatisation partly and fully. I selected road transport because of the many problems it had to contend with. I now have the pleasure to share my knowledge with my countrymen how the Government of Sri Lanka had tackled such a tricky problem so courageously and with such great success. This may also help our planners to see to what extent they can draw on Sri Lankan expe-

The State Owned Bus provided through a network of

10 Regional Boards. During a

Gulf states are asked to

support the world with energy

from 150 to 700 per company. in all, 29372 out of a total work force of 50,500 were nies. Of the balance, 12,000 opted to retire voluntarily. This change in the structure of worthy in that it set up Peoplised Companies where ment was handed over to the employees. The balance 50 per cent of the shares were held

The next stage in the peo-

plisation process will be the

sale of the balance 50 per cent

shares held by government and

the peoplisation of the remain-

ing depots and workshops. This programme is expected to be completed by the end of

Passenger Transport Services were provided entirely by the private sector organised under several limited liability companies. In 1958 all these companies were nationalised and a public corporation called the Ccylon Transport Board (CTB) was established. It had the monopoly for road passenger transportation. In 1978/79, 10

follows: (a) The recruitment of staff was well in excess of require-

among other factors led to losses in income to the extent that proper maintenance of

ciency to very low levels.

Although the CTB failed, it

Most of the peoplised com-

I million per day. The kilome-

nual expenditure; and